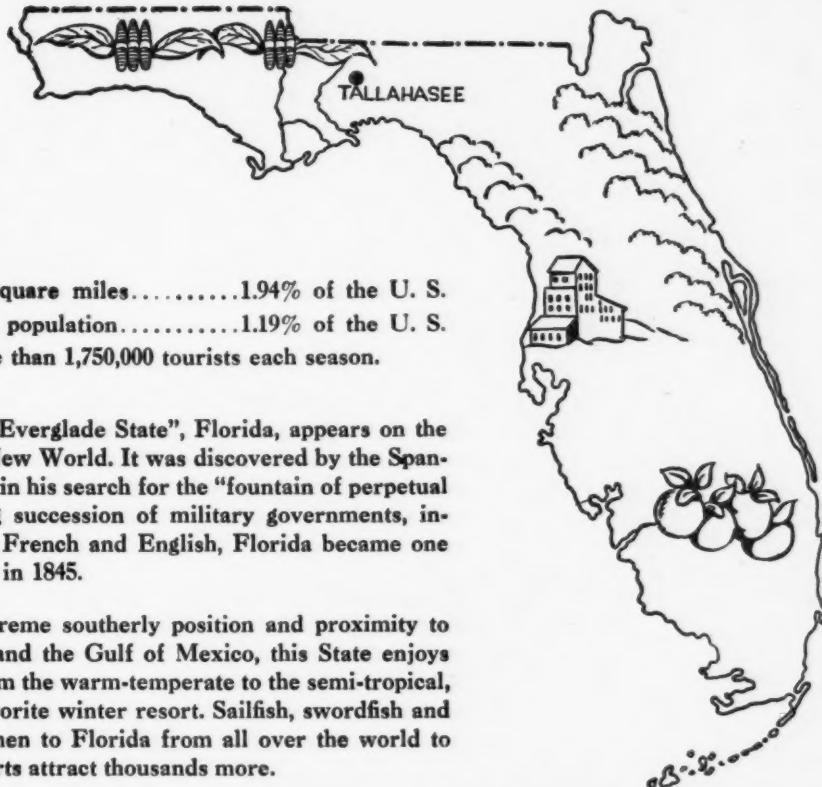


The NATIONAL UNDERWRITER

■ A SALUTE TO

THE STATE OF

FLORIDA



Florida has 58,666 square miles.....1.94% of the U. S.

Florida has 1,468,211 population.....1.19% of the U. S.

Florida attracts more than 1,750,000 tourists each season.

The name of the "Everglade State", Florida, appears on the earliest map of the New World. It was discovered by the Spaniard, Ponce de Leon, in his search for the "fountain of perpetual youth". After a long succession of military governments, including the Spanish, French and English, Florida became one of the United States in 1845.

Because of its extreme southerly position and proximity to the Atlantic Ocean and the Gulf of Mexico, this State enjoys a climate varying from the warm-temperate to the semi-tropical, which makes it a favorite winter resort. Sailfish, swordfish and tarpon bring sportsmen to Florida from all over the world to fish, while water sports attract thousands more.

Florida, according to the last census, has 5,026,617 acres in farm-land, with a total value of \$462,456,035. Fruits, especially oranges and grapefruit, vegetables and nuts produce a value of \$90,345,573. Fisheries, sponges and alligator hides increase the value of its products.

Florida insures, with the old established stock insurance companies, \$669,605,833 of its property values against fire and pays, each year, \$6,640,891—1.44% of the premiums of the United States.

American Equitable Assurance Company of New York

Organized 1918 Capital, \$1,000,000.00

Globe & Republic Insurance Company of America

Philadelphia, Pa. Capital, \$1,000,000.00 Established 1862

Knickerbocker Insurance Company of New York

Organized 1913 Capital, \$1,000,000.00

Merchants and Manufacturers Fire Insurance Company

Trenton, N. J. Capital, \$1,000,000.00 Chartered 1849

New York Fire Insurance Company

Incorporated 1832 Capital, \$1,000,000.00

Sussex Fire Insurance Company

Newark, N. J. Capital, \$1,000,000.00 Incorporated 1928

Corroon & Reynolds

Incorporated
MANAGER

92 William Street

New York

One of a series designed to acquaint insurance men and insurance buyers with a few facts about our country.

THURSDAY, JANUARY 14, 1937

LONGER FREIGHT TRAINS AND FEWER IDLE CARS



RAILROADS-

BUSIER TODAY THAN

they have been for several years—are singing the song of returning prosperity. Car loadings are on the up-grade. WHY? Because business is better, because the products of our mines, farms and factories are on the move again, and because building is undergoing a pronounced revival in many parts of the country.

With all indices pointing to a continuance of the business revival during 1937, fire, inland and ocean marine, casualty, surety and bonding lines will follow the general trend as they always have. Representatives of the Aetna Fire Group are well equipped with every underwriting facility needed to score a "grand slam."

————— *Make it a Point to Think First of the AETNA* —————

THE AETNA FIRE GROUP OF HARTFORD, CONNECTICUT

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THE CENTURY INDEMNITY COMPANY - - PIEDMONT FIRE INSURANCE COMPANY

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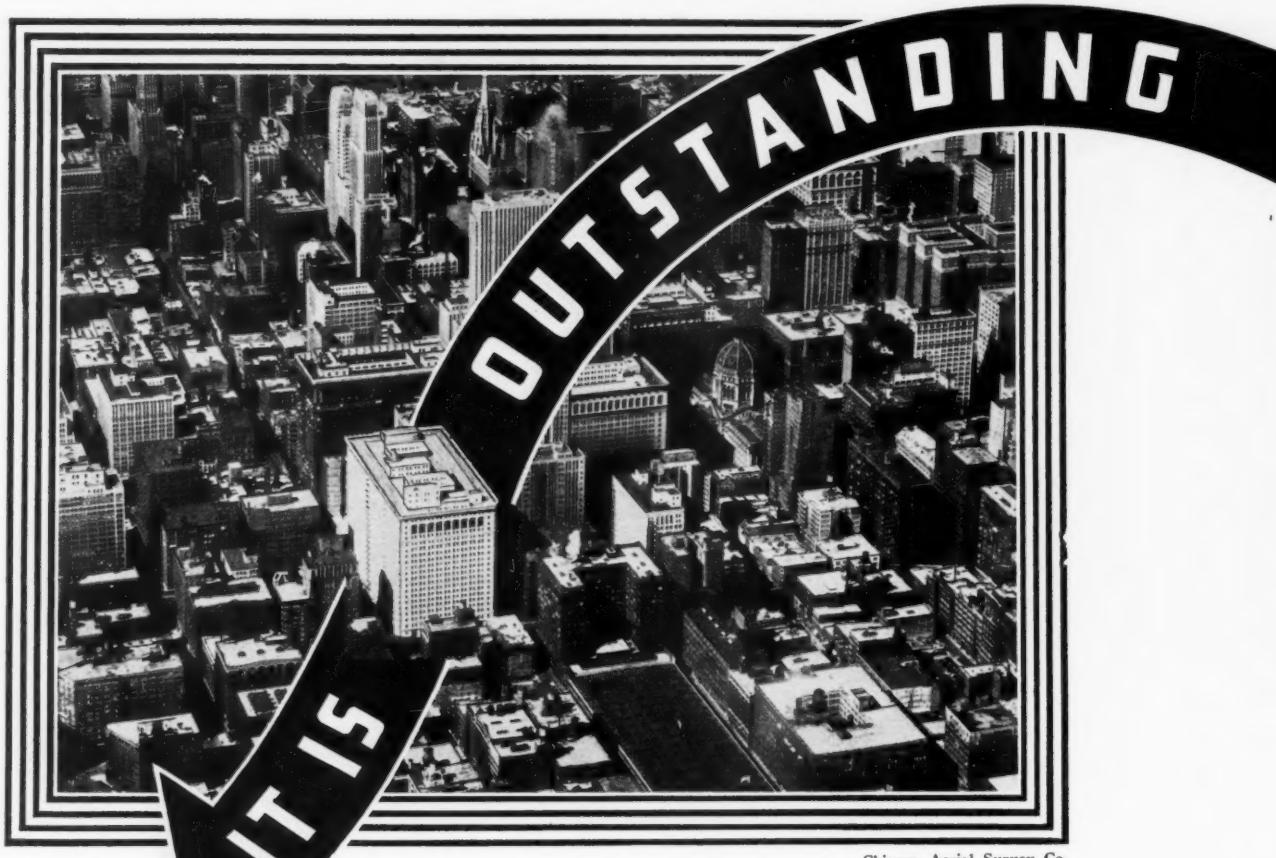


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BERNARD M. CULVER, President

New York, N.Y.



Chicago Aerial Survey Co.

175 W. JACKSON BLVD.



The above is an airplane view taken at the southwestern corner of Chicago's "Loop" and shows, as nothing else could, the vast extent of the Insurance Exchange Building. Here is a city within itself, for in addition to every kind of insurance office there is located on the lobby floor of this "City of Insurance" shops of every description to care for all the needs of the 10,000 occupants.



More insurance dollars are brought into the Insurance Exchange than any other place. You get your share of these dollars when your office is located here.



The management of the Insurance Exchange is qualified by experience and training to handle your insurance office problems. Our advice and experience gained through many years of satisfactory handling of insurance office space is available to you. Your inquiry will bring a prompt response.

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WEEKLY
NEWSPAPER
OF
INSURANCE

The NATIONAL UNDERWRITER

Forty-first Year—No. 2

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JANUARY 14, 1937

\$4.00 Per Year, 20 Cents a Copy

Trial May Drag Out Over 3 Weeks

Hiram Walker Case Being Heard
in Federal Court at
Chicago

MANY WITNESSES HEARD

Fire and Sound Heard and Seen by
Many People from Various
Directions

Proof of an explosion was the apparent object of the first testimony introduced in the Hiram Walker case against 13 insurance companies now on trial in the federal court in Chicago. The case gives promise of lasting even longer than the three weeks at first estimated. The loss on 80,000 barrels of whisky in rack house No. 3 at the Walker distillery in Peoria and on the building was nearly \$3,000,000, with an insurance loss of somewhat less than \$2,000,000. The companies are resisting on the ground that the warehouse fell before the fire or explosion, and that the insurance was terminated under the fallen building clause.

Architect on Stand

After the witnesses to the alleged explosion, Burt C. Stewart, supervising architect was on the stand for several days. He testified to the construction detail of the rack house involved from the foundation gravel to the roof. Expert witnesses were in the court room listening to his testimony, preparing to give opinions on the soundness of the construction, without having the details repeated in hypothetical questions.

Other witnesses to be heard since Raymond Worrick, whose testimony was reported last week were Bertram Dolan, a watchman; Roy Dean, administration building janitor; two police officers of East Peoria, and the radio dispatcher to whom they reported in Peoria; Edward J. O'Reilly, who with three friends, Andrew Lavin, Myron J. Mahood and James W. McGee, who saw the fire and heard the noise from in front of a tavern at 2005 South Adams street; Philetus Dowling; William Bailey, Mrs. Mary Thompson and her mother, Mrs. Libby Kennedy and Peter Bachelor. All of these witnesses testified to what they saw and heard at the time of the collapse.

The first witness, Raymond Worrick, on duty at the telephone switchboard and A. D. T. signal board, in the watchhouse of the plant, testified that a master flow signal came in on the A. D. T. board, and before he had acknowledged it, a call came in on the switchboard urging him to turn in a fire alarm. As he arose to turn in the alarm from a box nearby, he heard a loud noise like an explosion. He fixed the time at 10:13 p. m., July 22, 1935.

(CONTINUED ON PAGE 25)

Analysis of Experience in 15 Year Period Is Given

One of the prominent executives in going over the figures of his organization and companies in general has tabulated the fire insurance experience for the last 15 years ending Dec. 31, 1935, the time that includes both good and bad years and which produced a normal average. The table shows the risks written each year, premiums received, losses paid, average rate by years, burning ratio by years and loss ratio. The consistent downward trend in rates and the abnormally low burning ratio of the last few years has caused much concern as to what effect the restoration of normal loss years or abnormally high loss years will have on the experience as a whole. In commenting on the situation he says in regard to the showing thus developed:

Average Loss Ratio Secured

"The average loss ratio over this period of 51.5 we readily accept as a true and normal showing. Over this same period the average burning ratio is .45 of 1 percent of the risks written or the amount at risk. For illustration, had the year 1935 produced a normal burning ratio of .45 of 1 percent instead of .24 of 1 percent, the loss ratio would have been 63.8 on the present rate level. It will also be noted that we need only go back to the years '32, '31 and '30 to find burning ratios of .48 and .49 of 1 percent of the fire risks written in the respective years.

Human Nature Has Not Changed

"Many reasons have been advanced to account for the abnormally low burning experience of the last three years, including better construction and improved fire fighting facilities, but in reasoning this out we believe there has been very little new and improved construction in the last five years and because of economic conditions it is fair to assume that the fire fighting facilities of many of the cities and smaller communities are if anything less efficient than formerly. We must then realize that this is the same country, the same

business, and the same people, and that human nature has not changed.

"It is entirely reasonable to assume that we will have a series of years of normal burnings, to say nothing of abnormally bad years, which on this tabulation will develop loss ratios of 60 and 70 percent at the present rate levels. A series of such years would be hard going and prove the wisdom of stock companies developing large surpluses during the favorable years of the recent past. The one encouraging thing as we see it in the event of such an experience would be the necessity of many mutual companies running to cover, particularly those which have departed from the principle of selectivity of risks and non-agency practices. The thing that has made mutual competition disturbing of late years has been the tendency of mutual companies to go in the agency field. Such companies are now paying commissions to agents and generally broadened their classification field of underwriting, and it is also reasonable to assume that their experience will not differ materially from that of stock companies.

Can Not Restore Volume

"Another point of interest is that the amount of risks written in 1935 in excess of \$5 billion is only twelve million below the peak year 1929 when risks written aggregated in excess of \$7 billion. If we could magically restore values of insurance in force to the amount of the peak year it would only produce additional premiums of \$84,000,000 which added to the premium volume of 1935 would give the industry as a whole premium income of \$544,000,000 against premiums of \$687,000,000 in 1929—less by \$143,000,000. These figures prove that we can discount any thought of restoring premium volume to the levels enjoyed in the peak years of the past unless normal burning years develop and with the elimination of competition rates can be increased to higher levels which, of course, would increase premium volume."

The table is as follows:

Table Shows Record of 15 Years

	Risks Written	Premiums Received	Average Rate of Premiums	Losses Paid	Burning Ratio % of Risks to Risks	Loss Ratio % of Paid Losses to Premiums	Paid to Written Premiums %
1921	\$49,373,684,409	\$520,800,771	\$203,513,839	1.05	.61	58.3	
1922	54,632,686,788	545,463,196	311,687,842	1.00	.57	57.1	
1923	64,212,007,615	622,240,735	329,112,310	.97	.51	52.9	
1924	63,277,574,352	616,658,714	341,431,657	.97	.54	55.4	
1925	68,227,758,159	661,457,254	364,213,919	.97	.54	55.1	
1926	74,191,178,948	699,058,896	367,611,295	.93	.49	52.6	
1927	71,141,015,500	673,053,184	313,355,834	.95	.44	46.6	
1928	73,218,703,220	675,441,184	311,198,710	.92	.43	46.1	
1929	77,355,797,114	687,732,495	317,718,274	.89	.41	46.2	
1930	70,997,367,695	609,039,337	346,110,887	.86	.49	56.8	
1931	66,883,275,999	539,257,220	319,387,107	.81	.48	59.2	
1932	60,179,367,141	469,310,688	288,774,979	.78	.48	61.5	
1933	58,118,765,056	431,574,700	196,598,685	.74	.34	45.6	
1934	63,858,663,383	456,877,233	195,569,246	.72	.31	42.8	
1935	65,322,260,987	460,748,917	154,196,767	.71	.24	33.5	
	\$981,590,106,363	\$8,668,714,524	\$4,460,481,351	.88	.45	51.5	

Fire Protection Credit to Be Had

Farm Underwriters Association
Votes on 10 Percent Discount
for Rural Property

STANDARD ESTABLISHED

C. E. Parks of the National Fire of Hartford Was Reelected President of the Organization

At the annual meeting of the Farm Underwriters Association in Chicago this week most of the time was devoted to a discussion of fire protection standards for rural property as there is to be a rate credit and 10 percent of the state rates. A standard was established and it will be submitted to the Western Actuarial Bureau for criticism and revision and as soon as it puts on the finishing touches it will be set up in the farm rating schedule and put into effect. While the farm underwriters are convinced that their standard is correct they want the technical advice of the rating authorities before it is officially promulgated.

Standard Is Set Up

The association decided that a farmer in order to get the credit must have a telephone in proper working order. There must be water supply either from a natural source or a cistern of 3,000 gallon capacity that is used only for fire protection purposes. The water supply must not be over 750 feet from the building. It is provided that the insured property be not more than 10 miles from the fire department headquarters. There must be a pumper and hose and a volunteer fire department organization.

New Officers Are Chosen

C. E. Parks of the National Fire of Hartford was reelected president; W. H. Lininger, Springfield F. & M., vice-president, and E. H. Born, Western Underwriters Association, secretary-treasurer.

The managing committee met in the morning to go over the work of the year, it consisting of Mr. Parks, F. H. Cornell, Home; L. G. Warder, Hartford Fire; W. N. Achenbach, Aetna Fire; C. L. Bloom, Commercial Union; J. W. Gregory, Crum & Forster; E. S. Foltz, American.

President Parks' Address

President Parks said in his address: "The year 1935 stood out in a class by itself as, from an underwriting viewpoint, it was the most satisfactory we had enjoyed in 15 years. It made us over-optimistic as to the future and the feeling that we were really on our way to a 'better land' continued for the first six months of 1936 when the scene changed and during the next 60 days we were reminded we were just ordinary

(CONTINUED ON PAGE 26)

Still Is Little Riot Cover Sold Despite Strike Growth

WRITTEN IN SUPPLEMENTAL

Vandalism Protection Market Also Small Due to Cost and Belief It Comes Under Riot

Despite the increase in labor trouble in the automobile industry, demand for riot and civil commotion and for vandalism coverage has remained almost stationary, although there have been some requests for protection by single interests, such as mortgagees wishing to protect their equity in a plant. The main reason for this is caused by the fact that most plants insured by companies in the Western Factory Association are already protected under the supplemental contract. This adding of allied fire lines had been followed by the great majority of underwriters and assured.

Vandalism Cover Is Costly

The small sale of vandalism coverage is caused by its extremely high cost and by the generally prevalent belief that the riot endorsement or policy would take care of any damage arising from this cause. Since the strikes are of the "sit down" variety, there are of course more than the two or three people present necessary to cause, under the law, a riot. Because of this the corporations paying for riot coverage had not thought they needed extra protection against vandalism.

The vandalism cover is very expensive compared to other lines, a typical example being that of a large Michigan plant where the rate for fire and supplemental was 6 cents, while the rate for vandalism alone was 8 cents. The fact that there is a \$500 deductible has also discouraged the sale of it.

New Rates Are Announced

However, this may be changed with inauguration of new rates on the vandalism policy or endorsement, notification of which has been sent by the Explosion Conference to member companies. Costs have been reduced 50 percent from those promulgated in June, 1934, and the \$500 deductible has been lowered to \$100. However, for many assured, the best course will still seem to be self-insurance.

Most plants, since they are protected against riot loss under the supplemental, will be able to avoid the triple rate which would be in effect if they had to purchase it at present. Insurance against vandalism has been sold at cheaper rates by some non-conference companies and Lloyds, it was reported.

Hopes to Get Business

The Explosion Conference in reducing rates for vandalism and malicious mischief except on vacant property, hopes that this action will make the cover more attractive to small and medium sized business properties and to the larger residential risks. The response since its inception in June, 1934, has been very disappointing, the high rates and deductible reducing the market to only a few large manufacturing plants.

Experience has been very good, though not enough business has been written to give the companies a fair cross section of the field. It is written by endorsement to the riot and civil commotion policy. The endorsement extends the policy to cover loss caused by vandalism and malicious mischief, in the same amount as the basic riot and civil commotion contract, and does not add any greater amount of insurance. In this respect it is similar to the supplemental contract.

Another point of similarity is that the vandalism endorsement provides that any loss shall be pro rated with all riot and civil commotion insurance on the risk, whether the other insurance con-

(CONTINUED ON PAGE 26)

Interstate Underwriters Board Elects Officers



ESMOND EWING

The Interstate Underwriters Board has elected Esmond Ewing, vice-president and secretary of the Travelers Fire, chairman of the governing committee. H. C. Conick, assistant United States manager of the Royal-Liverpool group, was named vice-chairman. The organization chose B. M. Culver, president America Fore, treasurer for another term.

R. R. Martin, United States manager of the Atlas, outgoing chairman governing committee, and J. R. Dumont, board manager, reported considerable advancement in the I. U. B. during the past year.

THE WEEK IN INSURANCE

Credit on farm property rates is decided upon by the Western Loss Association if there is proper rural fire protection. **Page 3**

Hiram Walker suit on loss at Peoria is being heard in Chicago with witnesses giving detailed account. **Page 3**

Tabulation of fire insurance experience for stock companies during the last 15 years. **Page 3**

First Bancredit Corporation's new plan subject of New York department hearing; taken under advisement. **Page 4**

John W. Clarke, secretary of the America Fore group at Atlanta, died last week. **Page 15**

Implications are being studied of the decision of Federal Judge Otis in Kansas City holding that the **Manufacturing Lumbermen's Underwriters** could not be judged a bankrupt. **Page 5**

Sir Arthur Worley retires as executive chairman and managing director of the North British & Mercantile. **Page 3**

Little market seen for **riot and vandalism cover**—mostly taken care of in supplemental. **Page 4**

Interesting issue arises at St. Louis over the effort of **Marsh & McLennan** to become members of the local board. **Page 4**

Much interest in meeting of **America Fore** companies as to chairmanship of the board. **Page 6**

Governor Horner of Illinois, in his inaugural address, comments on proposed insurance legislation. **Page 6**

President **Frank N. Belgrano**, Pacific National Fire, at a field meeting in Philadelphia told of the operations of the company last year. **Page 8**

Walter H. Bryant, American of Newark, was elected president of the **Underwriters Association of New York State** at the annual meeting this week. **Page 12**

Interesting Issue Arises Before the St. Louis Board

MUCH DISCUSSION NOW HEARD

Application of Marsh & McLennan Through a Merged Agency Is Before the Executive Committee

ST. LOUIS, Jan. 13.—Local insurance circles are awaiting with interest the final outcome of the latest effort of Marsh & McLennan to obtain active affiliation with the Fire Underwriters Association of St. Louis. The rules apparently prohibit outside interests from exercising control direct or indirect of St. Louis agencies.

This issue has been placed squarely before the executive committee through the application of the old agency of Case, Thomas & Marsh to transfer its Class 1 membership to the recently organized firm of Marsh & McLennan-Case, Thomas & Marsh, which is to maintain its headquarters in the former offices of Case, Thomas & Marsh in the Pierce building.

Made Attempts Heretofore

Fred M. Switzer, Jr., acted as attorney for the new agency in connection with the incorporation. He is related by marriage to Ed. G. Marsh, Jr., who, according to the announcement by officials of Marsh & McLennan and Case, Thomas & Marsh is to be president.

In the past Marsh & McLennan have made several unsuccessful efforts to obtain official recognition from the Fire Underwriters Association of St. Louis. The organization has had an office in St. Louis for about two years. Some time ago Charles Drew of the local office of Marsh & McLennan applied for permission to affiliate as a broker member but his application was rejected by

(CONTINUED ON PAGE 26)

Walter S. Alley, former assistant manager of the North British & Mercantile, died at his home in Petersburg, Va. **Page 11**

New York Underwriters makes important personnel shifts. **Page 8**

Receiver for the **Central Mutual of Chicago** is appointed on application of the attorney general's office. **Page 29**

Retrospective plan in workmen's compensation approved by voting of General Manager Senior of compensation board, so schedule may be filed with New York department and issue heard. **Page 31**

More study of **automobile accident compensation** problem urged by Governor Lehman of New York in message to assembly. **Page 30**

The New York insurance department gives excerpts from its forthcoming annual report on **mortgage and title insurance**. **Page 31**

Better knowledge of policy will **increase accident and health sales**, E. A. Hauschild, Continental Casualty, asserts in New York talk. **Page 32**

New Mexico orders discontinuance of experience credit rating in automobile lines. **Page 30**

Serious possibilities seen by underwriters in inability of companies and Illinois industrial commission to agree on **occupational disease assigned risk plan** for rejected risks; compulsory bill in legislature threatens. **Page 29**

Unusually low loss record under **Liquor Liability** in Illinois hit by \$35,000 judgment involving London Lloyds contract. **Page 29**

James S. Kemper becomes chairman of the insurance division of the **Illinois Chamber of Commerce** and H. A. Behrens of the Continental Casualty, chairman of the executive committee. **Page 30**

Effect of **social security** act on accident health insurance considered by J. M. Powell. **Page 31**

Boston Board Elects, Sees Increase Due in Losses

BOSTON, Jan. 13.—W. C. Hills, of Elmer A. Lord & Co., of Boston was elected president of the Boston Board to succeed Robert S. Hoffman, of R. S. Hoffman & Co. R. A. Sullivan of Hinckley & Woods was elected vice-president; James Davis secretary-treasurer, and Isaac Osgood manager. P. E. Nute was elected assistant manager, a new post he assumed by appointment recently. New executive committeemen are: A. J. Anderson of O'Brien, Russell & Co.; Gerard Henderson of John C. Paige Co.; R. T. Benting of Gilmour, Rothery & Co.; H. G. Fairfield of Russell, Fairfield & Ellis, and W. S. Gierasch of Boit, Dalton, Church & Hamilton. The advisory board elected includes the First American, the Travelers Fire and Arthur K. Pope of Cyrus Brewer & Co.

President Hoffman reported six new members had been admitted to membership and three retired, and five underwriters entered. The Charter Oak and the Federal of New Jersey had signed the agreement required by the rules. The present membership of the board is 69 members. Closer cooperation had been secured with the Massachusetts Association of Insurance Agents and important changes in rules affecting ordinary territory agency commissions to correspond with the scale of commissions established by companies and paid to agents located in Eastern Underwriters Association territory had been brought about.

Manager Osgood reported Boston losses in 1935 continued the downward trend noted in 1933 and 1934. While figures are not available yet for 1936, the increase in number of alarms and the occurrence of several notably large loss fires indicates that the low loss cycle that began with 1933 has terminated and the usual swing upward is in progress which will probably result in an insurance loss for 1936 equal or higher than the normal average for the city.

Lasher on the Job

SAN FRANCISCO, Jan. 13.—Clinton D. Lasher, newly appointed Pacific Coast manager of the Home succeeding the late C. I. Magill arrived in San Francisco, Monday, accompanied by Mrs. Lasher, assuming his duties immediately.

Kansas Bureau Changes

E. J. Mann, who has been with the Topeka office of the Kansas Inspection Bureau for 17 years, has been transferred to the Wichita office. C. W. Rinker, inspector with the Wichita office since his graduation from Armour Institute, has been transferred to the engineering department at Topeka under Chief Engineer E. J. Stewart. B. J. Weldon and V. B. Steenrod, inspectors with the Wichita office since their graduation from Armour, have resigned to join the Dulaney, Johnston & Priest agency and the North America respectively.

Resolution on Crop Cover

A resolution memorializing Congress to enact crop insurance legislation that will cover grain and fruit crops, hay and vegetables of New York state farmers was introduced in the senate of the New York assembly by Mrs. Rhoda Fox Graves of Gouverneur, Republican.

Miscellaneous Notes

Julius Quentin, 76, for 38 years president of the Franklin-Oak Creek Mutual of Hales Corners, Wis., died there.

L. F. Allen of the Allen-Hartzell-Dibble agency, Wadsworth, O., has been appointed Republican member of the Ohio racing commission.

Walter M. Rosen has opened Rosen Insurance Agency at Ogden, Ia. He recently purchased the C. D. Claussen agency there.

First Bancredit's Plan Is Debated

Representatives of Agents, Finance Company Take Part in Department Hearing

TAKE UNDER ADVISEMENT

Deputy Superintendent Clark of New York Presides, Limits Scope to Discrimination Question

NEW YORK, Jan. 13.—Hearing was held here on the New York State Association of Local Agents complaint lodged with the department some weeks ago against sanctioning in this state the plan of the First Bancredit Corporation of St. Paul for financing insurance premiums. The complaint contained a number of counts, but Deputy Superintendent Clark, who presided, declared the only matter on which the department had jurisdiction and on which argument would be heard, was whether granting of pro rata rates to assured ordering policy cancellation instead of requiring the short rate charge as called for in the standard policy, was not an illegal discrimination against assured who paid their full premiums in cash.

Arguments Are Presented

After both sides of the argument had been presented by J. W. Rose, Buffalo, association secretary, and M. B. Ignatius, counsel for the finance corporation, Superintendent Clark announced the matter would be taken under advisement and decision rendered later.

Mr. Rose maintained the granting of pro rata cancellation was not only discriminatory against the assured who paid full premium in advance, but sanction of the practice would upset the rate structure, induce liberal policy terminations on a pro rata basis, and cause twisting of business, all opposed to public policy.

Gives First Bancredit's Views

For the First Bancredit, Attorney Ignatius denied the plan would induce any of these conditions. He said instead that through elimination of assured who could not or would not pay in full a real service was being rendered to carriers. He implied that this method would eliminate considerable moral hazard and tend substantially to reduce losses. He scouted the allegation that granting pro rata reductions would upset the general rate structure, though conceding that an increase in number of such cancellations would likely follow.

While permitting statements in such connection, Deputy Superintendent Clark emphasized these were matters over which the department had no control, and hence would not be taken into account. The only issue so far as his office was concerned, he said, was whether illegal discrimination as between types of policyholders would result.

Many Companies Approve

As the First Bancredit is not a licensee of the department, the real parties concerned were the fire companies and their local agents. Some 200 companies have endorsed the plan and have urged their local representatives to make full use of it. They believe that it will permit agents more time in soliciting business, will relieve them of the necessity to dun overdue accounts, and will make their commissions more certain.

There was no disagreement as to benefits resulting from financing insurance premiums. All agreed that financ-

North British Official Retires



SIR ARTHUR WORLEY



H. S. MILLIGAN

NEW YORK, Jan. 13.—Sir Arthur Worley has retired as deputy chairman and managing director of the North British & Mercantile because of ill health. He continues as deputy chairman of the board of the parent company and as chairman of its affiliated institutions in London. Robert H. Brand, a director for a number of years, will be deputy chairman of the North British & Mercantile and of its related companies. Mr. Brand is fully conversant with the world-wide operations of the associated enterprises. Lord Wakefield is now chairman of the board of the North British, while H. S. Milligan has been advanced from manager to general

manager. Thomas Frazier, who has been secretary, is now deputy general manager.

Due to his frequent visits to the United States, Sir Arthur is well known to company officials here. He has been identified with the North British & Mercantile for a number of years. He served as managing director since 1928, having previously been general manager. He became deputy chairman in 1936.

The North British & Mercantile entered the United States in 1866. C. F. Shallcross has been United States manager of the company and its affiliates since 1919.

Michigan Insurance Much Affected by Sit-down Strike

DETROIT, Jan. 13.—Insurance conditions through a large part of industrial Michigan are adversely affected by the sit-down strike. They are feared really more than others because of the possibility of damage being done in a rather insidious way. In addition to the major plants there are scores of smaller establishments affected. The only losses noted so far were at the Fisher Body No. 2 plant at Flint, where there was considerable glass breakage.

ing of premiums method which has been in operation in virtually all sections of the country for ten years or more, has been beneficial to the business as a whole.

Throughout the hearing it was made clear that no challenge of the responsibility of the First Bancredit was made by the agents' association, its opposition resting mainly upon the charge of discrimination.

Offers to Supply Data

The First Bancredit was stated to have the backing of many of the foremost banking houses of the northwest from which it secures money at a low interest rate, thereby being in position to pass this advantage on to assured under its financing method. On its behalf, Attorney Ignatius expressed willingness to supply any data, in addition to that already filed with the department, pertaining to any points about which the department might seek enlightenment.

As indicating the general interest in the subject, the hearing was attended by a large number of agents, brokers and a liberal sprinkling of company officials.

Rankin-Benedict Case Up Jan. 16

Effect of Judge Otis' Decision on Status of Reciprocals Is Being Studied

EXCHANGE HELD NOTHING

Raises the Question Whether Such Concerns Are Not Exceeding Their Charter Powers

KANSAS CITY, Jan. 13.—Judge Bird of the circuit court will hear arguments Jan. 16 on the motion of V. B. Coats, vice-president of the Rankin-Benedict Underwriting Company, former attorney-in-fact for the Manufacturing Lumbermen's Underwriters, in which Mr. Coats seeks to have himself substituted in any actions in the court for Rankin-Benedict as attorney-in-fact for the exchange. He was elected by the advisory committee at St. Louis.

The court also will probably hear arguments on the change of venue motion of Rankin-Benedict, filed in connection with the application of Superintendent O'Malley for a temporary restraining order. Mr. O'Malley sought the order at the same time he applied for the temporary receivership which was granted and under which he now is in control of the reciprocal's affairs.

The eight participating subscribers, members of the advisory committee, still have pending in circuit court their "answer" to Mr. O'Malley's application for a temporary receivership, in which they contend that the exchange's surplus belongs to them individually, and cannot be used to pay claims or costs on general, non-participating business.

OTIS DECISION REVIEWED

KANSAS CITY, Jan. 13.—That the subscriber is in the insurance business and the exchange (which has no entity and in reality is nothing) is not, are unusual conclusions in the decision of Federal Judge Otis, holding the Manufacturing Lumbermen's Underwriters may not be adjudged bankrupt. If true, then the dry goods stores, lumber companies, flour mills—all subscribers, in fact, are exceeding their charter powers. They are (if they are) illegally in the insurance business. Judge Otis thus issues, it is said, the first definite ruling on a question raised frequently in the early days of the reciprocals.

More important, however, is that under the decision, the exchange, the reciprocal itself, is nothing. It does not exist. It can incur no obligations; it can have no debts. Only individual subscribers, who are "in the insurance business," can have debts, and then only a pro rata share, in addition to the attorney-in-fact.

WHAT IS BACK OF POLICY?

Should the decision hold, it appears that there is back of any reciprocal policy no surplus and no capital—only the premiums and a limited proportion of surplus accumulated by certain individual subscribers.

Any exchange has three classes of subscribers: (A) those who have not paid their premiums (premiums in process of collection), (B) those who have paid their premiums but who have no surplus credits, and (C) those who have paid premiums and who have the full surplus accumulation of twice the annual premium. Class A subscribers will never be fully paid up; from Class B subscribers the full amount of an assessment

(CONTINUED ON PAGE 26)

Governor Horner Comments on Legislative Proposals

WANTS FIRE RATE REGULATION

Illinois Chief Executive Urges the Adoption of Insurance Code That Has Been Drafted

Governor Horner of Illinois in his inaugural address this week came out very strongly for a fire insurance rate regulation law and an anti-discrimination statute applying to other lines, mentioning particularly automobile insurance. He urged the legislature to pass the new draft of the insurance code which has been prepared by the Illinois department and the insurance committee of the Illinois Bar Association. In connection with fire insurance rate regulation he said that while the state has secured some reductions, unless power is given to the commonwealth to regulate rates as provided by specific legislation the assured cannot be fully protected. He commended the state fire marshal's office for what it had done in attacking arson rings.

Comment on the Code

Speaking of the insurance code Governor Horner said:

"As a result of vigilance of the department of insurance, the people of Illinois are assured, insofar as that is possible under our present law, that insurance companies permitted to operate in this state are sound and honestly managed, and policies issued are fair and reasonable to the insured."

"The present insurance laws are a collection of piece-meal legislation enacted from time to time since 1869. With the aid of a legislative commission, the department of insurance early in 1933 commenced a comprehensive study of the subject of insurance and prepared a draft or code covering the entire subject. After this draft was prepared, many hearings were held and suggestions made.

Great Improvement Seen

"It has had the studied consideration of practically all groups of the state who are familiar with the subject. It is an immeasurable improvement over our existing insurance statutes. If enacted by you and properly administered, our supervision and regulation of insurance companies will not be surpassed anywhere. The people of this state are entitled to the protection it will afford to themselves, their families and their property."

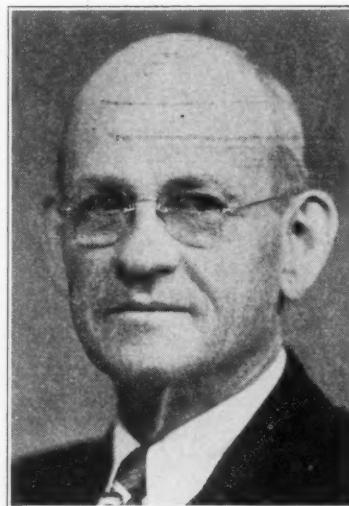
Firecrackers Not Cause of Voidance, Ruling Says

Possession of firecrackers does not necessarily void a fire policy, according to an affirmation by the Second United States Circuit Court of Appeals in New York of a judgment obtained by one Maggie Manzo against the National Reserve of Illinois for \$14,584. The case was tried before the federal district court in Brooklyn, in which the plaintiff was given a favorable verdict by the jury, which the company appealed.

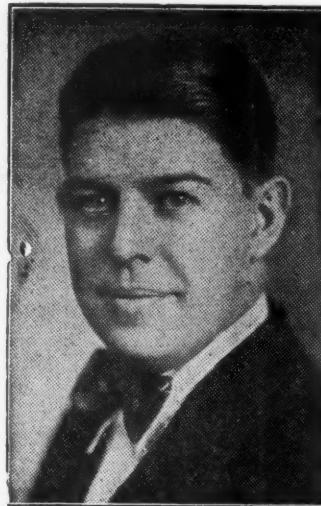
Defendant's counsel argued that presence of firecrackers on the assured's premises at the time of loss, which had been bought by assured's husband for use on July 4 but which were not used on the holiday, violated the prohibition of fireworks clause in the standard policy. As an exhibit the company showed the appellate court that after the fire assured's husband pleaded guilty in city magistrate's court to the charge of keeping fireworks on the premises. Plaintiff's counsel, however, asserted conviction of assured's husband did not bind the assured and that in any case the term "fireworks" in the standard policy did not include "firecrackers."

In the appellate court the company

New and Retiring Officials



GEORGE H. NEWBAUER



H. E. MCCLAIN

George H. Newbauer of Hartford City is the new insurance commissioner of Indiana, succeeding H. E. McClain of Shelbyville.

The retiring commissioner was a local agent prior to being appointed commissioner. He has made an excellent record in the state house and has endeared himself to insurance men.

George H. Newbauer, who has been appointed insurance commissioner of Indiana by newly-elected Governor Townsend, comes from Hartford City where he has been identified with banking and insurance. A native of that city, he is 54 years old, and has made a good record in public offices that he has held, including treasurer of Blackford county for two terms and an attache of the Indiana department of agriculture the past two years.

After some years in the hardware business, he entered the banking field in 1917 and was manager of the insurance and trust departments of the Citizens State Bank of Hartford City from 1924 to 1935.

Benesch Is Reappointed to Ohio Post by Gov. Davey

Governor Davey of Ohio was inaugurated Monday for his second term and announced that present members of his cabinet would remain, including A. A. Benesch, secretary of the department of commerce, under which the insurance division operates. The governor has stated he will try to get along for the coming two years without new taxes. He has urged that local political subdivisions endeavor to finance themselves to a larger extent, thus freeing state funds for state purposes.

Corpus Christi Exchange Elects

The Corpus Christi (Tex.) Insurance Exchange has elected the following officers: H. P. Stuth, president; Ed Quaile, vice-president; Mrs. C. M. Bagnall, secretary-treasurer.

Ben R. Newhall, treasurer of Beach, Hills & Newhall, Inc., prominent local agency in Syracuse, N. Y., died on Monday afternoon after a short illness. He was active in civic affairs in Syracuse, and was well known in the insurance fraternity.

raised the charge of incendiarism, fraud and false swearing. However, the main point of contention was the fireworks clause.

The question has been presented only a few times and never in New York state. The affirmation of the judgment by the United States Circuit Court, while the tribunal expressed no opinion, is considered authoritative.

W. J. Carroll, associated with the Clemons agency, Cincinnati, 30 years, died at his home there, aged 69. Melville Carroll, a nephew, who has worked with Mr. Carroll for about a year, will continue to operate the business.

Reciprocals in Arkansas Must File Rate Schedules

ALSO POWER OF ATTORNEY

Gentry's Order Affects 15 Carriers; Commissioner Plans Tighter Enforcement

LITTLE ROCK, ARK., Jan. 13.—An order to require reciprocal and inter-insurance exchanges to file rate schedules and copies of the power of attorney has been issued by Commissioner Gentry. Compliance must be given in 60 days.

"For years carriers of this type have claimed they were exempt from insurance laws and have not filed rates or bonds or much of anything else," Commissioner Gentry said. "I have come to the conclusion they should be required to observe the laws just as other companies do and am so notifying them."

Some 15 carriers of this type are now operating in Arkansas and their 1935 premium collections were reported at \$412,944. The details of the order follow:

Requirements Outlined

1. The attorney-in-fact for each of such exchanges shall be required to obtain a written power of attorney executed by each of the subscribers and have the same in his or its possession before any contracts of insurance of any kind or description shall be issued or renewed to such subscribers; further that such a power of attorney must likewise be obtained from each company, association, or group of individuals which cedes any reinsurance to the exchange.

2. Copies of the power of attorney now or hereafter used must be filed with the commissioner of insurance, together with copies of all policy contracts issued or inter-exchanged.

3. In the event any reciprocal or inter-insurance exchange changes or revises its power of attorney, the attorney-in-fact shall immediately require all subscribers, both old and new, to execute the new power of attorney in order that all such powers of attorney in the possession of the attorney-in-fact shall at all times be identical.

4. No exchange shall be permitted to renew or issue or inter-exchange non-participating and/or non-assessable contracts of insurance, unless all subscribers are on the same basis.

5. All reciprocals or inter-insurance exchanges shall file with the commissioner a schedule of rates of premiums to be charged and collected thereon on contracts of insurance or indemnity proposed to be effected by said exchanges in accordance with Section 6012 of C. & M. Digest of the statutes of Arkansas, and such premiums shall be uniform for all risks rated under the same schedule.

Quits Offering Novelties for an Interesting Reason

Harold E. Taylor, advertising manager of the American of Newark, announces that hereafter the company will not sell to agents various advertising novelties, as it has in the past. These novelties have been offered by the American to agents in the past at manufacturers' prices, which the American secured by giving quantity orders. Mr. Taylor indicates that the American came to the conclusion that this was a form of cooperative buying and for that reason is being abandoned.

"We will sell no more year books, bridge pads, pencils, paper weights, etc." Mr. Taylor states. "In short, we will not traffic in any form of merchandise. We are in the insurance business, and we will stick to our business, leaving to others that business which rightfully belongs to them."

"Cooperation with our agents has been and always will be uppermost in our minds, but we believe there is a limit beyond which cooperation between us may become unfair to someone else. The development of the cooperative-buying movement in this country presents a real threat to American business methods. Its basic objective is to pass on to consumers the legitimate profit ordinarily made by the retailer. For that reason, we believe that thoughtful agents will resist consumer cooperative buying. If they believe, as we do, that the retailer of insurance serves a useful purpose, they will support other local dealers and help them to earn a living."

Cairns and Pearce on Trip

Edward T. Cairns, vice-president, and W. Stanley Pearce, advertising manager Fireman's Fund, are on a three weeks' trip visiting departmental offices in Chicago, Boston, New York and Atlanta. They will attend field men's conferences in the western and southern departments.

Much Interest in America Fore Plan for Chairmanship

NEW YORK, Jan. 13.—Directors of Continental and of each of its associated companies will meet in special session here tomorrow. Though not so stated in the call, the assumption is that action will then be taken regarding the chairmanship of the board, vacated through the death of Ernest Sturm Dec. 22. Should it be determined to continue the chairmanship, the prevailing belief is its occupant will be B. M. Culver, who has been president of each of the affiliated organizations for a number of years and who ranks as one of the leading fire company officials of the country.

PUBLIC ENEMY

No 8

Robbery



COMMON ENEMIES
TO GUARD AGAINST

1 FIRE	9 LIGHTNING
2 MOTOR	10 MARINE
ACCIDENT	DISASTER
3 WINDSTORM	11 RAILROAD
& TORNADO	WRECK
4 PERSONAL	12 FALLING
ACCIDENT	AIRCRAFT
5 SICKNESS	13 EXPLOSION
6 DAMAGE	14 RIOT-CIVIL
CLAIMS	COMMOTION
7 BURGLARY	15 EARTHQUAKE
8 ROBBERY	16 FORGERY
	17 DISHONESTY

Robbers have victimized the thrifty since history began, and NO DAY PASSES without its record of brutal holdups often ending in tragedy.

Despite police vigilance and all the safeguards society has devised, the GUNMAN lurks close by—ready to strike in the most unexpected places.

Forewarned by experience, the prudent man arms with INSURANCE, the only sure way to recoup financial loss from burglary, theft or ROBBERY.

LOYALTY GROUP

Firemen's Insurance Company of Newark, New Jersey—ORGANIZED 1855

The Girard Fire & Marine Insurance Co. ORGANIZED 1853
The Mechanics Insurance Co. of Philadelphia " 1854
Superior Fire Insurance Company " 1871
The Metropolitan Casualty Insurance Co. of N.Y. " 1874

Milwaukee Mechanics' Insurance Company ORGANIZED 1852
National-Ben Franklin Fire Insurance Co. " 1866
The Concordia Fire Insurance Co. of Milwaukee " 1870
Commercial Casualty Insurance Company " 1909

WESTERN DEPARTMENT
844 RUSH STREET, CHICAGO, ILLINOIS
CANADIAN DEPARTMENT
461 BAY STREET, TORONTO, CANADA

EASTERN DEPARTMENT
10 Park Place
Newark, New Jersey

PACIFIC DEPARTMENT
220 BUSH STREET, SAN FRANCISCO, CAL.
SOUTH-WESTERN DEPT.
912 COMMERCE STREET, DALLAS, TEXAS

Should Part-time Evil Exist in Small Locality?

Roy E. Stroup of Emporium, Pa., discusses the part-time agent question as applied to fire and casualty insurance, taking up the resolution adopted by the Ohio Association of Insurance Agents where the National association was asked to appeal to the companies to appoint only full-time agents. Mr. Stroup says:

"Prohibiting of part-time agents has ever evoked criticism from companies and part-time agents. However, I have my first time to hear a hostile remark from a full-time agent. It is an admitted fact, by all, that many are the responsibilities of a responsible full-time agent. It is needless to say, he must understand the various forms of fire and its allied lines, casualty lines, life and bonding. He must be familiar with the rate structure, the various hazards, adjusting and in addition he must be an efficient office manager. If he is to survive, his technical foundation must be well laid, and in addition he must everlastingly study his business."

Should Eliminate Part-Timers

"Part-time agents should be eliminated in small as well as large communities. There are various reasons: He depreciates the business by his limited knowledge thereof. He is more expensive to the companies he represents through limited volume, non-preferred risks, home office assistance, supplies and what not. He is to the full-time agent a competitive factor, taking from him the business of relatives and perhaps a few friends. Otherwise he cannot compete and must resort to unethical practices such as rate cutting and rebating. When such practices become intolerable the full-time man must compete with backfire. Every insurance man knows the results."

Some Statistics Are Given

"I want to give you a true position of a town of less than 4,000 population with little or no outside territory.

No. of full-time fire, casualty and life agents	2
No. of full-time fire only	1
No. of full-time life only (industrial)	3
No. of part-time life only	6
No. of part-time casualty only	8
No. of part-time fire and casualty only	5
Total	25

In addition to this numerous list are agents who come into the town."

Whole-Timers Need Protection

"The part-time agents are steadily employed, being industrial engineers, postal clerks, railroad trainmen, beer distributors and laborers. In the majority of cases these men have a larger income from their regular employment than the full-time agent receives in commissions. I am wondering if this is not a fair comparison throughout the country. Medicine, dentists, druggists, lawyers, etc., have passed from this picture. Why not protect the insurance man? In so doing you are protecting the public through honest and efficient service which will reduce the loss ratio, cut the acquisition cost of both the company and the agent and finally the cost of insurance to the public. I approve the resolution of the Ohio association. The other state associations should do likewise."

Report Is Made on Joliet, Ill.

National Board Tells About the Features of Fire Defense of the City

The National Board in reporting on Joliet, Ill., says the fire department in general remains considerably undermanned. The inadequate water supply and undermanned fire department materially increase the hazard due to inferior construction in large and excessive areas, and because of lack of window protection a conflagration involv-

ing individual blocks may be expected. The low heights and a good percentage of blank walls make it improbable that any considerable part of the principal mercantile district would be involved.

Serious group fires are probable in the minor mercantile and manufacturing districts. The fire alarm system is poorly housed and although fairly well maintained the engineers say it is unreliable.

The total available yield of all wells is insufficient and suction storage is relatively small. The limited pump and main capacities with the low pressures carried make the quantities available for fire protection inadequate in the prin-

pal mercantile district and in most other sections.

Dunlap Assistant Secretary

S. T. Dunlap, assistant manager of the New York office of the North America, has been elected assistant secretary of the company.

G. & R. in Factory Association

The Globe & Rutgers has been admitted to membership in the Factory Insurance Association.

Julius Koenigsdorf, formerly with Crist & Co., Kansas City, Mo., and prior

to that with R. B. Jones & Sons and the Phister Insurance Company, has opened an agency of his own in the Dwight building. He will represent the Concordia Fire and the Metropolitan Casualty.

George T. Kollar, 72, St. Louis local agent, died from heart disease and paralysis. He had been active in Republican politics for more than 30 years.

Milwaukee fire losses were 30 percent lower up to Dec. 1, 1936, although the number of actual fires increased 36 percent, according to a fire department report.

C. S. Lutkins and A. F. Derr, Jr., have been elected directors of the Hanover Fire.

Complete copies of the "non-can" accident and health contracts are in the new 1936 Time Saver. Order now through this magazine.

Security for American Property Owners Since 1841

As One of Your New Year's Resolutions - - -

Why not resolve to have an agency of one of the SECURITY OF NEW HAVEN companies? Many agents are convinced of the desirability of giving at least part of their business to a Company of our type; a company with a New England background, age, faithful performance of its obligations, an understanding of the agent's problems—in short, a strong American Company, not so big as to be unwieldy in its operations, and not so small as to be inadequately equipped. Each of the SECURITY companies is a representative American underwriting institution of the character that should have a place in your office. **Why not now with the advent of the new year?**

Do Business with a Strong American Stock Company Operating Through Responsible Agents

HOME OFFICE
NEW HAVEN, CONN.



WESTERN DEPT.
ROCKFORD, ILL.



AS SEEN FROM CHICAGO

NEW RULE IS CONSIDERED

A change in the rules is being considered by a committee of the Chicago Board that would have the effect of making more difficult the starting of new class 1 agencies.

At present a new class 1 agent must have a designating company and be the sole class 1 representative of that company for at least two years. That rule would remain. In addition, the requirement would be made that a new class 1 agent could not represent any other company that had more than one other class 1 agent in the city. Under the present rules, a new class 1 agent may be one of four such representatives of a company. Possibly this amendment will be proposed at the annual meeting Jan. 28.

* * *

POOLE WITH HARTFORD FIRE

Jeffery Poole, who was formerly with the farm department of the Commercial Union in Chicago, has joined the Hartford Fire in the loss division of the western department in Chicago. He had been in the Commercial Union farm department about three years, previously having been a special agent in Kansas. He has also had experience with the North America and Fidelity Phenix. He is a son of the late George R. Poole who was general agent of the Commercial Union in Chicago in charge of the farm department.

* * *

FRANKEL IN FULL CHARGE

Following the death of L. E. Yager, head of L. E. Yager & Co. of Chicago, the agency will be carried on as it has with George A. Frankel in charge. The agency is well organized and the machinery has been running in very efficacious shape. Mr. Frankel has long been connected with the agency and has had full charge of its details. The work will go on just as it has in the past.

* * *

RETURN PREMIUM PERCENTAGE UP

Companies in the west in going over their records for last year find that the percentage of return premiums to those written increased about three points or more last year. The big demand for refunds started in December, 1935, and kept up with a vengeance during the early months of 1936. This was due to the fact that with lower rates inaugurated by rating bureaus policyholders took advantage of the situation and had their policies canceled and rewritten. In some cases the rates were retroactive, dating back two or three months. Altogether the rate reduction program cost the companies many a penny.

* * *

FIREMAN'S FUND CONFERENCE

The Fireman's Fund western office is having its annual field round up in Chicago this week, closing today. The three managers are cooperating in the convention, S. M. Buck, western manager of the fire department, E. D. Lawson, western manager of the marine department and John Pabst, manager of the Fireman's Fund Indemnity. Field men of all three departments attended the conference, there being about 55 in number. Each manager presided over the period when his special department was responsible for the program.

The annual banquet was held Wednesday evening with Manager Buck presiding. Walter A. Sawyer of Cleveland, who had rounded out 25 years of service, was presented with golf clubs by the field men and the western executive staff gave him a golf bag. Manager Buck presented Mr. and Mrs. Sawyer with a silver service. Vice-president E. T. Cairns and W. S. Pearce, advertising and publicity manager, were in from the head office. Vice-president R. V. Goodwin of the Fireman's Fund In-

demnity at New York in charge of the eastern department, was on, as was F. B. McBride, eastern manager of the marine department. Wallace Rogers of the Western Underwriters Association took charge of one session, giving his entire attention to mutual and reciprocal competition. The field men are generally agreed that the activities of the Business Development Office and the Western Underwriters Association in this regard are having very material effect.

Messrs. Cairns and Pearce go to Boston to hold a field conference in the eastern department in charge of Manager C. C. Hannah and from there will journey to Atlanta for a southern conference in charge of Manager C. A. Bickerstaff.

* * *

FIELD MEN TOLD BANCREDIT PLAN

Henry Olson, manager Chicago department, First Bancredit Corporation, addressed the luncheon meeting of the Cook County Field Club, outlining his company's plans of financing premiums. He said some form of budget payments for premiums is necessary if the stock fire, casualty and marine carriers are going to get their share of the consumer's dollar.

He declared that paying for insurance on time does not necessarily mean that the risk is a poor one. In addition to reducing the danger of cancellation, use of proper financing also prevents under-insurance. He told the field club members that the stock companies must have a premium financing plan if they are to compete satisfactorily with the mutuals which already have such a program in operation.

He stressed the First Bancredit's 6 percent simple interest, lack of requirement of down payment and retention of policies by the assured. He said the corporation's experience of cancellation for non-payment of the monthly allotment under the budget plan has only been 1½ percent. A minimum premium of

\$50 is required before the First Bancredit can handle it. He also said that more three-year business can be secured by the stock fire companies, since the assured by paying a three-year premium spread over several months, plus the financing charge, saves money compared to the purchase of a policy for three years on the one year rate.

The firm also voted cooperation with the Chicago Insurance Agents Association, Chicago Brokers Association, and the Chicago Board in pushing the Business Development Office plan. President E. A. Birkemier named the following committee chairmen: Chicago Board relationship, L. P. Warren; publicity, R. W. Mercer; membership, S. B. Fabans, and program, A. H. Wishard.

There was an unusually large attendance at the meeting. Plans were tentatively made for a tour through the Underwriters Laboratories and the city freight tunnels.

H. E. Reeves, president Chicago agents, spoke on the Business Development Plan. The field men's committee on relationship with the Chicago Board will handle the matter.

* * *

WILL STUDY WHISKY INDUSTRY

The whisky industry will be the subject of study at the January meeting of the Association of Fire Insurance Examiners of Chicago. A sound film showing the entire process of whisky making from the unloading of grain to the bottling of the finished product will be shown by the Glenmore Distilleries Company of Louisville. Considerable interest has been manifested in this program, due to the attention which whisky underwriting is receiving from all fire insurance interests.

* * *

CHICAGO TELEPHONE DIRECTORY

The 1937 edition of the Chicago Telephone Insurance Directory issued by THE NATIONAL UNDERWRITER is out this week. It was compiled and published under the direction of Associate Manager Otto E. Schwartz. It gives all insurance offices in the Insurance Exchange in one part and outside offices in the other. The price at THE

Novel Idea Cites Value of Allied Fire Lines

A novel mailing piece pointing out that "Rising values call for an increase of insurance protection," has just been mailed to agents by the Fidelity & Guaranty Fire.

The mailing takes the form of a large card carrying a dramatized illustration of a chart which emphasizes the idea of rising values. Alongside the chart affixed to the card is a much folded sheet of paper, the visible portion of which carries a brief message pointing out that as costs go up insurance risks automatically become greater, and urging the agent to "Keep your client informed and covered. This is your duty—likewise your opportunity to increase your income."

From that point the story unfolds, for when the seal on the folded sheet is broken it opens, becoming larger and larger. As the story unfolds it emphasizes the opportunity which rising values provide for sale of such lines as supplemental contracts, use and occupancy, rents and rental value, all-risk automobile, inland and ocean marine, etc.

NATIONAL UNDERWRITER Chicago office is \$1. The price by mail is \$1.05. Only cash orders are filled.

* * *

LAWSON WILL GIVE ADDRESS

E. D. Lawson of Chicago, manager of the western marine department of the Fireman's Fund, will address the Western Loss Association at a meeting next Tuesday noon. He will speak on loss problems in connection with inland marine business. B. E. Moreau, the president, is now located in Chicago and therefore will be able to give the association more personal attention.

Augusta, Ga., Agent Dies

Henry M. North, 82, local agent at Augusta, Ga., since 1875, died at his home. Mr. North was born in 1854. His son, H. M. North, Jr., a former special agent of the Great American Fire, will continue the agency.

Daniel, Jr., an Adjuster

R. L. Daniel, Jr., son of the chairman of the Texas board of insurance commissioners, is now on the adjusting staff of the Commercial Standard of Dallas, traveling out of the Dallas and Fort Worth offices. He went to the Commercial Standard from the Trinity Universal, where he had been for some time. Mr. Daniel, Jr., decided to enter the insurance business while in high school and began his career shortly afterward.

Shifts in Adjustment Bureau

DALLAS, Jan. 13.—Several changes in assignments in the southwest area have been announced by the Fire Companies Adjustment Bureau. W. J. Boston, formerly assistant manager for Louisiana, has moved to Dallas to become fire loss superintendent in the divisional headquarters; H. W. Weldon, branch manager at Abilene, has changed posts with R. B. Kimbley, branch manager at Tyler; Frank Henderson, adjuster at Tyler, has gone to Corpus Christi as branch manager succeeding W. R. O'Brien, resigned; Ralph Mott, adjuster at McAlester, Okla., has moved to Tyler; F. A. DeWitt, adjuster, has moved from Fort Worth to Alexandria, La., and Eugene Mazzia, adjuster at that city has moved to Shreveport.

Abel May, 66, for 30 years a Milwaukee local agent, died at a hospital there after an illness of several weeks.

B. H. Marshall, 76, head of the Farmers Mutual of Maysville, Ky., died there after a short illness.

Named In Chicago Board Slate



R. M. CUNNINGHAM



F. J. SAUTER

R. M. Cunningham, vice-president of Marsh & McLennan, has been nominated for vice-president of the Chicago Board. The election takes place at the annual meeting Jan. 28. That means that in due course Mr. Cunningham will be elected president of the board. He has been prominent in Chicago insurance affairs for many years. He was in charge of arranging the insurance coverage for the Chicago world's fair in 1933 and 1934.

F. J. Sauter, Cook county manager for the Aetna Fire, is the nominee for treasurer. He is a past president of the board.

Mr. Cunningham is a son of the late W. H. Cunningham, who for many years was western manager of the Fire Association. He spent some time at work in general agencies in Chicago and then became a broker. In 1899 he became a class 1 member of the Chicago Board operating in the local agency field until 1930 when he joined Marsh & McLennan, becoming secretary of the agency.

VIEWED FROM NEW YORK

By GEORGE A. WATSON

NEED FOR PROMPT ACTION

To warn of the rapidity with which fire may spread and need for prompt action looking to its control in the incipient stage, F. P. Walther, chief engineer of the Continental and Fidelity-Phenix, recites the result of a test at Washington directed jointly by the U. S. Bureau of Standards and the National Fire Protection Association. "Two buildings," Mr. Walther stated, "were deliberately fired, the structures of two and five stories respectively, being of a common type of brick-joisted construction. Within four to five minutes after fires had been started in several places on the ground floor, the flames had spread by stairways and elevator shafts to all parts of the buildings. In less than 20 minutes from the start of the fire, floors began to fall. Part of a wall fell in 28 minutes, and in just 45 minutes all of the walls had collapsed."

* * *

GENERAL BROKERS INDUCT

Superintendent Pink of New York was chief installing officer at the induction of new officers of the General Brokers Association of the metropolitan district. He was assisted by R. M. Clark, first deputy.

Paul Simon, retiring president, spoke briefly. New officers are: G. F. Sullivan, president; S. N. Schwartz, first vice-president; W. J. McLaren, second vice-president; J. A. Cohen, third vice-president; P. E. Kramer, fourth vice-president; H. K. Weiss, fifth vice-president; Leonard Jacobs, secretary; Joseph Wank, financial secretary; Abraham Prusoff, treasurer, and F. I. Ettlinger, Louis Escher, R. M. Ferguson, J. F. Nubel, Reuben Jacobson and Nathan Greenbaum, executive committeemen.

* * *

GIVING "ARSON SERVICE" CHARGED
Three Italians accused of conducting an arson service and allegedly responsible for the burning of property worth close to \$400,000, are under arrest in Yonkers, and will be held for the grand jury. The suspects were trapped through the work of District Attorney Ferris and the arson division of the National Board. The leader of the reputed ring is credited with having boasted of the success of his "jobs" the past two years. Through use of a microphone hidden behind an ice box in a small residence in East Yonkers, which was to have been put to the torch, details of the arrangement with the alleged arsonists were fully recorded, and will be used in evidence.

* * *

SUPPORT FOR FAIR PROJECT

Bennett Ellison of the insurance firm of Hoey & Ellison, New York City, asked the newly formed insurance agents and brokers committee of which he is chairman, to give vigorous support to the financing program of the 1939 fair. Mr. Ellison's plea was given at the initial organization luncheon of the committee, attended by 25 leading agents and brokers of the city.

The committee set a preliminary goal of \$200,000 in subscriptions.

F. K. Teipel, Manufacturers Trust Company, vice-chairman of the New York World's Fair bond sales committee, addressed the group expressing confidence in their success and reported that more than \$11,000,000 of the \$27,829,500 which is being sought to finance the fair was already in sight in the form of subscriptions and commitments secured by other volunteer committees.

Members of Mr. Ellison's committee include the following: Stanley Andrews, Andrews & Evans; W. E. Barton, C. B. Knight Agency; B. W. Blakey, Benedict & Benedict; Floyd R. DuBois, Frank & DuBois; J. B. Dunlaevy, Dunlaevy, Cleaves & Burnham; Ralph G. Engelsman, Penn Mutual Life; J. E. Fries, Fries & Burmeister; John T.

000. Companies' subscriptions included \$74,500 by the Home fleet, \$64,500 by the Royal-Liverpool groups, \$70,000 by the America Fore group, \$46,500 by the Great American, \$30,000 by the Corroon & Reynolds group, \$28,500 by the North British & Mercantile group, \$25,000 by the Commercial Union group and \$32,500 by the Crum & Forster

in its history. Mr. Harris was presented a set of matched golf clubs and a traveling bag as an expression of appreciation of his service as president the past two years. T. S. Dugan made the presentation.

H. Robert Textor of the agency of Gaunt, Houston & Fitzhugh was elected to membership.

Frank C. Carpenter of Carpenter & Burba presented mementos to T. G. Slaughter and H. V. Davis, Sr., in commemoration of their 50 years of membership in the board.

Walter S. Alley Dies

Following an illness of three weeks, Walter S. Alley, former assistant United States manager of the North British & Mercantile and vice-president of its affiliated companies, died at his home in Petersburg, Va., from a heart ailment. Alley retired from active service ten years ago. He began his insurance career as a clerk in the offices of the Life of Virginia in Petersburg. Later he acquired the Petersburg local agency of McIlwaine & Alley, of which the late A. G. McIlwaine, later United States manager of the London & Lancashire, was the senior partner, and H. T. Alley, afterward agency superintendent of the London Assurance, was junior partner.

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NEWS OF FIELD MEN

New York State Field Meet

Walter H. Bryant Was Chosen President—Secretary Daw in His Report Showed Year's Activities

SYRACUSE, Jan. 13.—Walter H. Bryant, American of Newark, Syracuse, was elected the new president of the Underwriters' Association of New York State, and William T. Bessant, Great American, Syracuse, chairman of the executive committee at the annual meeting.

Other officers elected were J. W. Summers, Home, Albany, first vice-president; John E. Forbes, Sun, Rochester, second vice-president. Lawrence Law continues as the permanent secretary. Mr. Daw is also manager of the New York Fire Insurance Rating Organization. The new members of the executive committee are David Davidson, American Fore, Albany; S. W. Ross, Aetna, Rochester, and P. M. Taylor, North British and Mercantile, Syracuse.

Secretary Daw's Report

Secretary Daw submitted a report of the activities of the Syracuse division of the New York Fire Insurance Rating Organization during the past year and commented on the major items of interest. His report discloses that the number of daily reports coming through the organization has been dwindling steadily during the past 10 years. In 1927 the number of daily reports received number 1,290,764 while during 1936 the number was 949,861, a reduction during the 10 year period of over 27 percent. The actual work of the organization, however, is increasing, due to re-ratings, numerous rule changes, etc. additional employees are necessary in some departments.

It was decided to hold the annual summer meeting at Saranac Inn on Saranac Lake the first Monday and Tuesday in July. In former years the custom to hold the summer meetings at Saranac Inn, but this was discontinued in 1931 due to the depression. In conjunction with the business session that will be part of the summer meeting, a program of social activity, sponsored by the "Old Association," will form part of the program. Details of the summer meeting are to be worked out by the executive committee under the supervision of Chairman Bessant.

Meeting of Old Association

The "Old Association" held a brief meeting during the regular session, presided over by President A. J. Halsey, America Fore, Rochester, and S. W. Ross, Aetna Fire, Rochester, treasurer. This organization is the association which preceded the formation of the present underwriters' association, and now exists as a social entity only. Its only remaining function is the sponsoring of the social activities during the summer meeting of the current association. The present officers of the "Old Association" are continued in office.

Several new members were admitted into the Underwriters' Association at Tuesday's meeting. About 150 persons attended. The meeting was presided over by H. S. Visscher, Royal, Rochester, the retiring president.

Illinois Blue Goose Dinner

The Illinois Blue Goose is making extensive arrangements for its dinner dance at the Lake Shore Athletic Club, 850 Lake Shore Drive, Chicago, the evening of Jan. 30. J. E. Guy, America Fore, is chairman of the arrangements committee. The others are J. T. Hardinge, Millers National; R. D. Wiley, Atlas, and T. D. Merrell, Home of New York.

Honor Pritchett in Michigan

Farewell Party Held for Former Association President Who Has Been Transferred to Indiana

DETROIT, Jan. 13.—The Michigan Fire Underwriters Association held a farewell party for George R. Pritchett, former state agent for the American of Newark, whose transfer to Indiana



GEORGE R. PRITCHETT

forced him to resign as president of the field men's organization last November.

Mr. Pritchett had been unusually active in field men's activities in Michigan during the past eight years. He served on the Michigan Fire Underwriters Association's board for several years before becoming president. He was also active in the Michigan Fire Prevention Association, being a past president of that organization.

He left Michigan too soon for the association to stage a fitting farewell party last November, so it was postponed until he could get back here for the present session, advanced from a morning meeting to a banquet in his honor. He is now serving as state agent for the company in Indiana, Walter H. Wolf having replaced him in Michigan.

President John F. Rogers, North America, presided, introducing a prominent field man, who paid tributes to the guest of honor. J. J. Hubbell, Security of Connecticut, assistant secretary of the Michigan Fire Prevention Association, on behalf of the field men presented Mr. Pritchett with a fly casting outfit.

Field Club's Annual Party

New Year's Celebration at Syracuse Brings Out Large Gathering of Members and Friends

SYRACUSE, N. Y., Jan. 13.—With the largest attendance in many years, members of the Syracuse Field Club held their annual New Year's Party last Saturday afternoon at the Leiderkranz Club in Syracuse. About 90 members and guests attended.

Guest of honor was Chief Edward W. Geiselman of the Syracuse fire department who that day celebrated the completion of his 38th year in the Syracuse department. In recognition of this event, the Syracuse Field Club presented the chief with a desk set.

In addition to the Syracuse members of the Field Club, about ten out-of-town members and guests enjoyed the party. Included among those were E. C. Niver, eastern supervisor of the Fire Compa-

nies' Adjustment Bureau in Albany, and the entire staff of the adjustment office in Utica. Among home office officials in attendance were President Robert C. Hosmer of the Excelsior, and Secretary Harry Miller of the Commercial Union of New York.

The committee in charge of arrangements for the party consisted of F. H. Witmeyer, Excelsior, chairman; Charles G. Bulkley, Aetna; Paul Lambert, F. & G.; B. F. Martin, Rating Organization; C. C. Meyers, Rhode Island, and Franklin Sidway, Fireman's Fund.

A varied program of entertainment followed the dinner.

Empire State Annual Rally

Blue Goose Elects W. C. Truncer of the St. Paul F. & M. as Most Loyal Gander

SYRACUSE, N. Y., Jan. 13.—About sixty members of the Empire State Blue Goose attended the annual meeting of that organization Monday night. The meeting, as usual, was held the night before the annual meeting of the Underwriters' Association of New York State.

New officers elected were W. C. Truncer of the St. Paul, Buffalo, most loyal gander; F. J. Doyle, North America, Albany, supervisor; S. W. Ross, Aetna Fire, Rochester, custodian; E. V. Judge, Atlas, Syracuse, guardian; L. D. Goulding, Fireman's Fund, Buffalo, keeper, and J. A. Semple, American, Albany, wielder.

In his retiring speech, Most Loyal Gander F. M. Kelley, Home, Syracuse, reviewed the grand nest meeting at Oklahoma City. At his request the ganders stood in memory of A. S. Robinson, Northern Assurance in Syracuse, who died since the last meeting.

Gander Judge reported that Empire pond has 171 members. Two regional meetings, one in Utica and one in Buffalo, were held during the year.

Newly-elected Most Loyal Gander Truncer aroused considerable discussion when he proposed that Empire pond formulate some plan of paying benefits to the survivors of deceased members now that the group insurance plan of Blue Goose is extinct. Following comments both favorable and adverse, a committee was appointed to investigate the possibilities of the proposed plan. The committee consists of W. C. Truncer, chairman; F. J. Doyle; G. F. Frank; J. W. Summers, and E. V. Judge.

Most Loyal Gander Truncer announced plans whereby he hopes to see the membership of Empire pond increased to more than 200 during the year, and plans a program of activity that will make Blue Goose an increasingly important organization to the present and eligible membership in New York State.

New members initiated were Charles Conley, Arthur L. Jahnson, W. P. Arnold, and W. T. LaFray.

Texas Field Conference Held

Cravens, Dargan & Co. Men Attend Meeting at General Agency Headquarters in Houston, Texas

Twenty-nine special agents, adjusters, engineers and inspectors, constituting the Texas field force of Cravens, Dargan & Co. managers at Houston, spent last week there in meetings and conferences with department heads and other executives. Sessions and conferences were devoted to the problems of servicing agents and business in the quickest possible way, including loss and claim adjustments and payments. Other subjects discussed were inspections for fire prevention, accident prevention, rate service and steam boiler inspections; aiding local agents to meet mutual competition, and making plans for increased business in 1937. Various prizes were awarded to the special agents and other field men for

Remarkable Tribute Is Paid to Dead Field Man

An unusual tribute was paid the late B. V. Legg of Jackson, Mich., state agent of the British General, by Rev. Arthur I. Keegan at midnight mass in Queen of the Miraculous Medal Church in that city. The unusualness of the tribute centers in the fact that it was made by a Catholic priest in his church to one who was not identified with that communion. Father Keegan said:

"It is not customary for us to eulogize in church the departed who were not of our faith. The exception occurs in the passing of a dignitary. But greater than a dignitary died in Jackson this morning, and of him I rejoice to speak. Versey Legg is dead. My cherished friend, dear as a brother went home today to the God he loved so well.

"Versey Legg was a truly Christian gentleman. Like the lowly babe of Bethlehem who is born again in the hearts of men this blessed night, Versey hid his glory from the hurrying world because he preferred humbly to lay the treasures of his noble soul only at the crib of his heavenly king. With all the light that God gave him, Versey Legg followed his divine master. Before everything else he was a man of Christian action. Every day he lived the godly role in which his precious mother had trained him from boyhood. I have only to tell you that he was a father to more than a score of youths who shared his rooftree and broke his bread and then went out into the world the sterling men that only a surpassing character like Versey could teach them to be. His name was charity.

"When I was ill and in the shadow of death, my friend enlisted the prayers of his people until I walked again amongst the living. His arms were held high in prayer until his satisfied heart saw me emerge from the depths of grief and woe. With what good reason I love him so! Somehow, though, I cannot grieve for Versey in this hour of holy joy. To me he is just another shepherd who in the silent night saw the angel choirs in the gleaming heavens and joining their celestial melody went over the hill to Bethlehem singing 'Glory to God in the Highest.'

"When great men die their fellows signal the world by flying the flag at half mast. When Versey Legg went home choirs of angels hung out the star of Bethlehem."

meritorious work in 1936. The prizes aggregated \$400 in cash, besides a silver loving cup donated by the Occidental Life of California to the special agent who had appointed the most producing life agents during the year.

Kuhns Is Shifted to Indiana

Paul O. Johnson Takes the Illinois Territory of Continental and Fidelity Phenix Vacated by Him

Ralph B. Kuhns, who has had supervision of the west central Illinois territory for the Continental and Fidelity-Phenix, has been transferred to Indiana with headquarters at Indianapolis where he will be associated with C. A. Cook, state agent in charge of the farm business of the Fidelity-Phenix. Mr. Kuhns formerly traveled in north Indiana for the Continental for a number of years.

For the Illinois field vacated by Mr. Kuhns, the America Fore companies have appointed Paul O. Johnson of Oregon, Ill., who will assume his new duties Feb. 1. Mr. Johnson has had 14 years of local agency experience, having been associated with the C. D. Etnry & Co. agency at Oregon. He has been one of the most active members of the

Illinois Farm Agents Association since its organization and during the last year has been president. Through these activities he is well known throughout the state. In addition to his agency work, Mr. Johnson has been chief of both the town and rural fire departments at Oregon.

Dakotas Pond Holds Annual Meeting in Aberdeen, Jan. 21

ABERDEEN, S. D., Jan. 13.—The annual meeting of the Dakota Blue Goose will be held here Jan. 21. About 60 field men from the two Dakotas are expected to attend.

Speakers will include R. E. Verner, Western Actuarial Bureau, Chicago, deputy most loyal grand gander at large; L. H. Bridges, Home of New York, Chicago, past most loyal grand gander, and L. L. Law, London Assurance, Minneapolis, Dakotas-Minnesota, deputy most loyal grand gander. H. G. Nilles, Fargo, N. D., attorney, will be toastmaster. A choice elk, secured from the Custer state park, will be on the bill of fare for the banquet.

Members of the city fire department, the city commission, local agents and their employees will be invited to the luncheon, with initiation of new members and election of officers in the afternoon.

Present officers are: Burt Burton, Sioux Falls, most loyal gander; T. P. Davis, Fargo, supervisor; H. A. Paulson, Fargo, custodian; R. F. Thompson, Fargo, guardian; E. H. Partch, Sioux Falls, keeper, and W. H. Mashek, Aberdeen, wielder.

Transfers Taylor to Iowa

L. K. Taylor has been appointed special agent of the Commercial Union in Iowa succeeding S. L. Kerrigan, who was recently placed in charge of production of all-risks and inland marine business in an enlarged territory with headquarters at Chicago. Mr. Taylor has been with the Commercial Union group in the Missouri field for several years, and previous to his connection with this organization he had the benefit of rating bureau and local agency experience. He will make his headquarters at 525-526 Insurance Exchange building, Des Moines.

Greer Now Has Connecticut

L. E. Greer, heretofore special agent in New England for the automobile department of the Queen, has now been appointed regular special agent for the Queen in Connecticut. His headquarters will be at 36 Pearl street, Hartford. He graduated from Northwestern University and has been connected with the Royal-Liverpool since 1929.

South Jersey Annual Dinner

Leon Watson, expert of the Schedule Rating Office of New Jersey, will be toastmaster at the annual dinner of the South Jersey Field Club at Camden, Jan. 19. Speakers will include W. Owen Wilson of Richmond, Va., president National Association of Insurance Agents; Commissioner Withers of New Jersey; Commissioner Hammond of Delaware, and H. A. Founce, president New Jersey Association of Underwriters.

Collins Moving to Decatur

Harry Collins, Illinois state agent of the Kansas City F. & M. has moved his headquarters from Chicago to Decatur. He formerly was with the North America at Columbus, O. For a month he has had headquarters in the Chicago office of the Kansas City F. & M.

Pearson to Glen Falls

The Glens Falls has appointed John D. Pearson special agent for Indiana, succeeding the late A. B. Whittemore. Mr. Pearson has been special agent in

Indiana for the North America for 11 years, having been with the insurance department of the Citizens Trust Company in Bedford, Ind., prior to 1925. He has been secretary-treasurer of the Indiana State Fire Prevention Association, of which he had previously been an executive committee man. Mr. Pearson will also be special agent of the Glens Falls Indemnity.

A. C. Knox State Agent

A. C. Knox has been appointed state agent in northern New Jersey of the Connecticut Fire and Minneapolis F. & M. He is a graduate of the home office of the Phoenix of Hartford group and of recent years has been special agent in several eastern states.

Cosmus Special Agent

Richard Cosmus becomes special agent for Connecticut and western Massachusetts of the Equitable F. & M. succeeding J. B. Down, who is being transferred to another important eastern field. Mr. Cosmus is a home office graduate. He will have headquarters at the company's office, 30 Trinity street, Hartford.

Honor White in Baltimore

F. F. White, for the past 14 years Maryland state agent of the National of Hartford, was the guest of honor at the Chesapeake Blue Goose luncheon in Baltimore. Mr. White, who has been transferred to the home office as superintendent of the loss department, was presented a set of golf clubs, the presentation being made by L. C. Owrey, Fire Companies Adjustment Bureau.

Charles L. Rolfe, who has been special agent, assisting Mr. White, succeeds him as state agent.

Confer at Home Office

SAN FRANCISCO, Jan. 13.—Field men of the Fireman's Fund, Home Fire & Marine and Occidental, from the Pacific Coast and Rocky Mountain territory, held their annual conference here with head office executives. The conferences were concluded with a luncheon, over which President J. B. Levison presided.

Byington with General

Edward S. Byington, formerly with the Seattle office of the Northwestern Mutual Fire, has joined the General of Seattle group. His territory will include Washington, Oregon and Idaho.

To Honor McClain

A testimonial dinner, sponsored by the Indiana Blue Goose, will be given Jan. 25 at the Indianapolis Athletic Club in honor of Retiring Commissioner McClain. The dinner will be open to friends of Mr. McClain. A. W. Schmadeke is chairman of the committee on arrangements for the dinner. An initiation will be held after the dinner.

Fieler's Territory Extended

F. W. Fieler of Denver, veteran special agent of the Springfield F. & M., is taking over a part of western Nebraska in place of the territory relinquished to H. F. Collins, who recently succeeded his father.

Beebe Elected in Buffalo

The Buffalo Field Club has elected Fred Beebe, Underwriters Salvage Co., president; Lorin Goulding, Fireman's Fund, vice-president; R. C. Brown, Hartford Fire, secretary-treasurer.

Rea with Garrett Agency

Frank Rea, for 30 years a field man in Kansas and Missouri, has joined the T. W. Garrett, Jr., general agency of Kansas City, as field representative in Missouri and Kansas. He was with the Home 14 years, and with the Queen nine years as special agent in Missouri. Ted Rhodus and Mr. Garrett both are

Was Reelected



C. E. PARKS, Chicago

C. E. Parks of Chicago, farm superintendent of the National Fire, was re-elected president of the Farm Underwriters Association at its annual meeting this week.

active in field work and will continue to be, with the addition of Mr. Rea.

California Field Meeting

SAN FRANCISCO, Jan. 13.—The annual meeting of the Special Agents Association of Central-Northern California will be held Feb. 1 with Walter H. Ohlman, Fire Association, scheduled for advancement to the presidency. Lee E. Colburn, America Fore, present president, is scheduled to head the executive committee. Cyrus K. Drew, editor "Western Underwriter" will be the principal speaker at the meeting.

Ohio Blue Goose Meeting

Special preparations are being made for the 30th anniversary celebration of the Ohio Blue Goose in Cincinnati Feb. 9. Arrangements are in the hands of a committee headed by G. H. Allen, Royal-Liverpool, chairman, and M. Ban Haun, Western Adjustment, vice-chairman. There will be an informal stag dinner and initiation, the latter beginning at 4 o'clock. The entertainment committee, consisting of G. W. Graham, Jr., New York Underwriters, and J. F. Schweer, Cincinnati Fire Underwriters Association, is planning something unique.

N. B. & M. Conference

Field men representing the North British & Mercantile group in the Middle Department were at the head office in New York this week at a round up. The meeting was in charge of Secretary R. T. Stewart.

Inspect Arkansas City, Kan.

The Kansas Fire Prevention Association will inspect Arkansas City Jan. 20. Ralph Oldroyd, local agent and chairman of the fire prevention committee of the chamber of commerce, and Fred Gould, secretary of the insurance board, are in charge of local arrangements. H. K. Rogers, Western Actuarial Bureau, will speak at a luncheon and will also give his "fire clown" act in the schools. He is appearing in the Fort Scott schools Monday of the same week and addressing the Pittsburg Rotary Club Tuesday.

Field Notes

At the California Blue Goose dinner meeting in Los Angeles plans for the ensuing year were discussed.

E. C. Counter, Indian relic collector, spoke to the San Francisco Blue Goose on "The Mound Builders of California."

Mutual Insurance Club of Twin Cities Names Officers

The Twin City Mutual Insurance Club, an organization composed of Minneapolis and St. Paul mutual company executives, department heads, and sales representatives, elected officers for 1937 at the January meeting.

Dale Snure of the Employers Mutual of Wausau was elected president. S. D. Palmer of the Hardware Mutual Fire of Minnesota, for the past year secretary-treasurer of the club, was elected vice-president. The new secretary-treasurer is M. B. Parsons of the Mill Mutuals.

The Twin City Mutual Insurance Club was formed a year and a half ago. At that time there were less than 20 members comprising the roster and since this time it has grown to a point where it now has between 60 and 70.

Meetings are held once a month, at which time a luncheon is served and some prominent speaker addresses the club. D. W. Johnson, former Minnesota deputy commissioner of insurance; Clyde B. Helm, secretary Insurance Federation of Minnesota; Chief Spotswood of the Fire Prevention Bureau, Minneapolis; Roy Bowden, secretary of the Northwest Country Elevators Association; H. J. Miller, president of the Minneapolis Civic & Commerce Association, and others have addressed this group.

New Supplemental Form for Electrical Properties Issued

A new supplemental contract for electric generating station properties has been authorized by the Illinois Inspection Bureau. The new form is similar to that put in effect in the east recently.

Other changes put into effect is include the removal of traction properties, transmission lines and rolling stock from the list of risks ineligible for the supplemental contract and the prohibition of writing the supplemental contract in connection with errors and omissions insurance.

In connection with use and occupancy, whisky and alcoholic beverages are ruled to be finished stock when ready for aging, barreling, bottling or sale.

A mandatory extra expense form has been adopted, to be obtained on application to the bureau. Rates are to be determined by the bureau in each individual case.

The rules for single state reporting forms A and B have been amended to provide that if there are less than five locations, there must be a limit of liability at each location of not less than 10 percent of the total provisional insurance.

Similar changes in the other states under the jurisdiction of the Western Actuarial Bureau are expected in the near future.

Mrs. John R. Martin Dies

Mrs. John R. Martin of Columbus, O., whose husband is adjuster for the Home in Ohio, died in a hospital at Lansing, Mich. She was a cousin of Stuart Morgan, Michigan state agent of the Agricultural, and was stricken with appendicitis while in Lansing for the funeral of Mr. Morgan's daughter. She was operated on there and was thought to be convalescing satisfactorily.

Miscellaneous Notes

William Ehret, special agent America Fore, Wichita, Kan., is in a hospital there with pneumonia following the "flu."

The Kansas Fire Underwriters Association held its bi-monthly meeting in Topeka.

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EDITORIAL COMMENT

Agents Should Be Prepared

DURING this legislative season undoubtedly in some states there will be introduced compulsory automobile insurance laws based probably on the Massachusetts statute. It behooves insurance men to make a study of the situation in Massachusetts and prepare themselves for enlightenment of their legislators. Massachusetts has had this law on its books sufficiently long to show results. So far as we can see it has not been efficacious as a reducer of accidents and it certainly has muddied the insurance waters.

The unfortunate part of the compulsory automobile insurance feature is the necessarily political aspect that it assumes. There are arguments for compulsory insurance that have a humane tinge. On the face of it it would seem that anyone who is injured in an automobile accident is entitled to reimbursement much as a wage earner is entitled to benefits if he is injured in his industry.

Agents and Social Security Act

IT now seems to be the fixed policy of the INTERNAL REVENUE BUREAU at Washington to count insurance agents working on purely a commission basis as independent operators so far as complying with the social security act is concerned. This, therefore, means that they are not regarded as company employees in the setting up of funds for old age pensions and employment insurance. The bureau is not making a mass ruling, so to speak, but will take up cases individually where there is any dispute. Naturally where an agent is on a salary basis there is no question as to his status. He is a company employee. There are various features that may come into a particular case that will cause the department to make a separate ruling. There has been much confusion as to just what the INTERNAL REVENUE DEPARTMENT would do but in classifying agents into two groups it serves to draw at least a line of demarcation. The agents and solicitors operating on a commission basis not sub-

ject to direction by employers are not compensated on the same basis as those working for "wages."

However, agents themselves must give a strict accounting of their own employes under the terms of the social security act because they are employees of the agency and subject to the provisions of the act.

Some of the life company officials might welcome the opportunity of having an amendment to the law so that agents working on a commission basis would be included in the old age pension plan. The fire and casualty companies would not welcome such an amendment. Life agents, however, work for a single company and are more closely affiliated with the corporation than fire and casualty representatives. A life agent, therefore, is on a somewhat different basis in his relationships. Many life company officials would be delighted to see some form of compensation arranged for old age pensions for their agents.

Keeping Down the Lloyds Fever

THE action of the representatives of LONDON LLOYDS in CALIFORNIA forming an association to police their activities is an interesting move. In the past, the LONDON LLOYDS agents in CALIFORNIA have had an understanding among them-

selves and have kept pretty well within bounds, but now there is a formal organization.

LONDON LLOYDS is not regularly licensed in CALIFORNIA and it can be used by agents only for lines that cannot be

placed in regularly admitted companies. These representatives are known as surplus line brokers.

Such organizations might well be formed in other states. The responsible agents do not want to see regular policies taken up in favor of LONDON LLOYDS coverage. In the long run, all agents suffer, because their commissions are reduced and they are subjected to cable expense when they deal with the LONDON underwriters.

An agent who takes a line from another by using LONDON LLOYDS, will make an immediate gain of that much in his own commission account, but if the LONDON LLOYDS fever strikes generally, he will lose some of his regular business to competitors who offer LONDON LLOYDS.

ILLINOIS is the only state in which LONDON LLOYDS has made serious inroads, but agents in other states seem to be getting LLOYDS conscious. Due to the fact that LLOYDS has been licensed in ILLINOIS, a great number of LONDON LLOYDS representatives have been visiting this country. Although they are primarily interested in ILLINOIS risks, they take a look around elsewhere and get agents and brokers excited at the possibility of making a clean-

up by using LONDON LLOYDS facilities.

Most brokers, who make a LLOYDS connection, probably intend to use it properly. They intend to place in LLOYDS covers that cannot be written in the regular companies and to use LLOYDS for what they describe as "defensive purposes." The temptation grows, however, to undermine the business of a competitor by offering a LLOYDS contract. More and more agents come to believe that they should have a LLOYDS connection. The situation can easily get out of hand if LLOYDS and the agents continue to encourage each other.

If the responsible agents, who represent LLOYDS, could have an understanding among themselves, LLOYDS operations in this country could be controlled. If the agents could meet together, they would be likely to remove from the minds of each other suspicion as to the intent of one another and they would undoubtedly work out some sort of an agreement as to what use should be and should not be made of LONDON LLOYDS facilities. If the principal agents would hold the line, they could prevent serious undermining of their business. The situation is certainly one that needs attention.

PERSONAL SIDE OF BUSINESS

Walter H. Alexander, well known Cincinnati agent, announces the birth of a son, Richard. Mr. Alexander has one other child, a girl.

C. E. Rollins of the Rollins Burdick Hunter Company agency of Chicago left Sunday of this week for his annual journey to Florida. He has been spending the winter months in Melbourne, Fla., for some time. He will return about the first of May.

President A. Morgan Duke of the Commercial Standard of Dallas, and Secretary W. C. McCord of the Gulf States Life, also headed by Mr. Duke, took time out to do some deer hunting in the Big Bend country of the Texas-Mexican border section. They saw plenty of does, but not a buck. However, turkey and quail gave the party all the hunting they needed.

M. H. Sharpe, 79, who had been in the insurance business 50 years in Nashville, Tenn., died in Bowling Green, Ky. He was a member of Gale, Thomas & Sharpe of Nashville, but lately had lived in Bowling Green. Burial was in Nashville.

J. M. Robertson, one of the oldest and most valued members of the Phoenix of Hartford field staff, who started with the company in 1902, died at his home in Augusta, Ga. He supervised business in Louisiana and Mississippi until 1906, when he was transferred to Augusta, from which point he exercised field jurisdiction for the Phoenix in eastern Georgia, North Carolina and South Carolina. He was the dean of the field staff, being highly regarded and well known to insurance men of the Carolinas and Georgia. President Edward Milligan in a special letter to agents of the Carolinas

and Georgia stated Mr. Robertson "commanded the respect of every one who knew him because of his straightforwardness, probity and many other fine qualities of heart and head."

Herbert Cobb Stebbins of Denver, secretary of the American Association of Insurance General Agents and one of its most prominent and active members, is busy with organization work at this time. He was recently elected president of the General Agents Association of Colorado, Wyoming and New Mexico and last week was chosen president of the Mountain Field Club. He is an officer of the Blue Goose. The annual convention of the American Association of Insurance General Agents will be held at Denver this year and that will throw additional burden on Mr. Stebbins.

Leo E. Thieman of Louisville, editor of the "Insurance Index," of which James E. Dunne is publisher, announces that he has severed his connection with the enterprise. Mr. Thieman was formerly secretary of the Louisville Board of Fire Underwriters and the Kentucky Association of Insurance Agents. He is a former daily newspaper man and at one time was connected with the old Casualty Information Clearing House of Chicago. Before joining the "Index" he was connected with the Kentucky insurance department.

Miss Mattie E. Ferguson was honored by the directors, officers and office force of the Security Mutual Fire and Northwest Underwriters at a dinner at Chatfield, Minn., last week, in celebration of her 75th birthday. The program was interspersed with singing and talks "From One Old Guard to Another" by F. G. Stoudt, president, "Birth-

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day Greetings" by L. M. Thurber, secretary, and presentation of gift by Marjorie Siegel.

Miss Ferguson has served the Security Mutual Fire for over 32 years, her present position being chief underwriter. She is looking forward to an even 50 years of service. In computing her daily walks to and from the office, over 20,000 miles have been covered and another ten years will enable her to complete a walking trip around the world.

Although 75 years of age, Miss Ferguson still sets the pace for her junior co-workers in efficiency and punctuality.

W. M. Daseke, special agent of the American Automobile in Indiana, is receiving sympathy on the death of his wife which followed a brief illness. Gus J. Daseke, Indiana state agent of the Phoenix of Hartford, is a brother.

G. A. Holland, 61, president and treasurer of G. A. Holland & Co., Des Moines, died following a year's ill health. Until recently, Mr. Holland was Polk county Democratic central committee chairman. At one time Mr. Holland was affiliated with the old Anchor Fire serving as its secretary until the company was liquidated in 1915. He then entered into a partnership with L. E. Ellis, forming the Ellis & Holland agency. He was the firm's secretary until 1924 when he formed G. A. Holland & Co.

George E. Myers, 84, vice-president George E. Myers & Sons Co., Toledo, O., died after a short illness. His son, Harold S., who was made president of the firm, organized 10 years ago, survives. The father was also president of the Home Building & Savings Company, which he also helped organize.

Henry A. Field and Schuyler B. Eddy of Field, Eddy & Bulkley, Aetna general agents at Springfield, Mass., were also presented with 25 year service plaques. Mr. Eddy is an executive committee man of the Springfield Board of Underwriters.

James E. Foster, president of the National American Fire of Omaha, is back at his desk after a month's illness.

Ancel Earp, past president of the Fire & Casualty Insurance Agents of Oklahoma City and of the Oklahoma Association of Insurors, has been named a director of the Oklahoma City chamber of commerce.

O. R. Lacy, superintendent of the farm department of the Home at Columbus, O., died there. Mr. Lacy had been with the Home nearly 33 years. Before joining the company he had been a local agent at Antwerp, O.

Stricken suddenly in September of last year, he underwent an emergency operation from which he never rallied. He was born in 1876 and joined the Home June 27, 1904, as a farm inspector under H. H. Walker, then manager of the farm department of the Home in Chicago.

Shortly thereafter he was transferred to Columbus, O., to serve under C. T. Deatrick, and because his talent seemed definitely bent toward the farm end of the business he was eventually given full charge and supervision of the farm and sub-agency departments. He was regarded as dean of the farm underwriters in Ohio.

George F. MacKay, 43, Springfield, Mass., for some 16 years special agent of the Providence Washington in western Massachusetts, Connecticut and Vermont, died at his home. He was a native of Barre, Vt.

Heber J. Grant, president of the Beneficial Life of Salt Lake City, who is also founder of the Heber J. Grant & Co. general agency and the Utah Home Fire, was guest of honor at a luncheon of the Deans Club, composed of a number of outstanding life insur-

Secretary America Fore Group in Atlanta Dies



JOHN W. CLARKE

John W. Clarke, secretary America Fore, died suddenly of an acute heart attack at his home in Atlanta Jan. 7. He was in his fifty-third year and apparently had been in sound health. He was in New York and attended the funeral of Ernest Sturm Dec. 26. Funeral services were held in Atlanta and burial was in Monticello, Fla., where he was born and lived for a number of years.

Mr. Clarke had spent all of his business life in insurance and had been with America Fore for 21 years. As secretary in charge of the southeastern department with offices at Atlanta, he headed an important branch of the fire companies, supervising Georgia, North Carolina, South Carolina, Florida and Alabama.

He entered the insurance business as a local agent in Monticello and following that became chief clerk of the Piedmont Fire of Charlotte, N. C. From 1907 to 1916 he traveled throughout the south as special agent for the Georgia Home and the Connecticut and Northwestern National. Next, he was for a short time a field rater for the Southeastern Underwriters Association.

In 1916 he joined America Fore as a special agent of the Fidelity-Phenix in Virginia and the Carolinas. In September, 1921, he was transferred to the home office where he handled southern business as agency superintendent. Subsequently he was appointed an assistant secretary and in June, 1924, was made secretary.

ance men of the city who have been actively identified with the business as agents or general agents for many years. John D. Spencer, veteran New York Life agent and life insurance sales instructor, is president of the club.

Harry E. Rich, vice-president and secretary Merryweather-Rich Company, Spokane, Wash., suffered a broken collar-bone in an automobile accident there.

James T. Healy, local agent at Houghton, Mich., and special agent of the Springfield group in northern Michigan, has been appointed for the third consecutive year general chairman of arrangements for the President's birthday ball in Houghton, Jan. 30.

R. R. Robertson, who has just been appointed agency superintendent of the Northern Assurance at Seattle, following his resignation from the London

& Lancashire, will remain in the Pacific Coast headquarters in San Francisco until the latter part of January before going to Seattle. He will spend a few days at the Los Angeles offices.

Arthur Epstein, president of the Oregon Automobile, accompanied by Mrs. Epstein, is en route to Europe for a three month tour. Being outstanding in the Zionist movement, Mr. and Mrs. Epstein will spend considerable time in Egypt and Palestine.

Commissioner O. B. Hunt of Pennsylvania was the speaker at the silver jubilee dinner of branch 1202 Ladies Catholic Benevolent Association in Harrisburg.

Lloyds America Cuts Lines

Lloyds America, San Antonio, Tex., has discontinued writing fire, hail, tornado and cargo insurance, effective Jan. 1, a letter to its agents announces.

Form Mexican Company

The Aurora, S. A., a fire company, has begun operations in Mexico City.

Mt. Sterling, Ky., Agency Has 90th Anniversary

Hoffman's Insurance Agency of Mt. Sterling, Ky., this year is celebrating its 90th anniversary. It was established in 1847 by William Hoffman when Mt. Sterling was a small village. He was the grandfather of J. M. Hoffman who is now the head of the agency. In 1867 Albert Hoffman, father of J. M., joined the agency and continued actively in the business until his death in 1917. J. M. Hoffman joined the agency in 1901. The Hartford Fire is the oldest company represented in the agency.

Its capital is 1,000,000 pesos and its paid up fund totals 500,000 pesos. Officers are Cayetano Portilla, local agent for the Aurora of Bilbao, Spain, president, and Gonzalo Lavin, president of the Aseguradoras Anahuac, S. A., a Mexican company, vice-president.

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Brokers Showing Opposition

Proposed Changes in Rules of St. Louis Fire Underwriters Association Are Meeting Some Hostility

ST. LOUIS, Jan. 13.—The committee of six has suggested a number of changes in the rules of the St. Louis Fire Underwriters Association. These have been indorsed in principle by the Class 1 members and the constitution and by-laws committee has been instructed to draft the changes in suitable phraseology for submission in the form of amendments.

The changes have not met with the approval of the local managers for various casualty and surety companies, while some opposition has also developed in the ranks of the St. Louis Association of Insurance Brokers. During the past week officers of that association asked the executive committee of the Fire Underwriters Association to allow their broker members to refrain from the payment of their annual dues until such time as final action is taken on the proposed changes in the rules of the Underwriters Association. But this request was rejected. The brokers body was advised that the rules require the payment of dues by Jan. 31 and that if payment is not made by that time the customary penalties for non-payment of dues will be enforced, since these rules are still the law of the association.

At a meeting of the brokers association Arthur Felker and J. J. O'Toole, members of the Fire Underwriters Association, advised the brokers of the proposed changes in the rules of the underwriters body, and the reasons underlying the suggested changes. They were plied with questions and were later given a vote of thanks for appearing at the meeting. However, at a subsequent meeting of the brokers body opponents of the proposed changes took a very firm stand. Some brokers take the position that they will not submit to any restrictions on the present advantages of their classification of company representatives. They are being encouraged in this stand by some of the casualty companies. However, it is believed that this situation can be ironed out satisfactorily to all concerned.

Michigan Meetings Popular

Pontiac Business Development Gathering Attracts Many—Crosby Urges Larger Insurance Department Appropriation

PONTIAC, MICH., Jan. 13.—Interest appears to be growing in the "business development" regional meetings being conducted by the Michigan Association of Insurance Agents. The ninth meeting of the series of 11 scheduled, held here, brought out the largest attendance yet, approximately 170 agents from Oakland, Genesee, Lapeer, St. Clair, and Macomb counties.

In addition to the business development talks, a movement was launched by J. M. Crosby, Jr., Grand Rapids, state association president, to obtain a larger appropriation for the state insurance department at the current legislative session. Agents agreed to use their influence with their local legislators in behalf of the department which has been gradually reduced as to finances until many of its activities are being seriously curtailed. Mr. Crosby also advocated an agents' qualification act.

Phil J. Braun, Flint, governing committee member for the region, was toastmaster at the banquet. Joseph W.

Mundus, Ann Arbor, immediate past president; W. H. Ellis, Chicago, and Robert Olp, Detroit, were the business development speakers. H. Morton Thatcher, president of the Pontiac association, was arrangements chairman.

Erion in U. & O. Suggestion

Chicago Adjuster Urges Reporting Form Meets Situation Caused by Court Decisions

MINNEAPOLIS, Jan. 13.—Weight of Minnesota court decisions and an opinion by the attorney-general and insurance commissioner against using the per diem form in use and occupancy insurance has brought forth a suggestion from Frank L. Erion, independent adjuster of Chicago, that may be useful to companies selling U. & O. in Minnesota.

Mr. Erion, who addressed the Fire Insurance Adjusters Club of Minnesota this week by special invitation, suggested using a monthly reporting form under which last year's values would be reported, then the values each month, at the end of the year an average would be drawn upon the basis of which the premium would be collected. There would be no coinsurance nor per diem basis, therefore avoiding conflict with a peculiar legal situation in Minnesota which is not to be found any place else.

Decisions Cause Complications

Court decisions are to the effect that there are only three ways to limit the liability under the standard fire policy of Minnesota: Amount of policy, amount of loss and coinsurance. The opinions by the attorney-general and insurance commissioner were to the effect that in use and occupancy insurance the companies must apply coinsurance to the length of time required to restore the property, and not to the policy term. Thus companies could not legally enforce the coinsurance clause in U. & O. in Minnesota, according to the opinion, nor could they do so by use of the per diem form.

Mr. Erion also spoke before the Insurance Club of Minneapolis under auspices of the Northwestern F. & M. on the subject "Agents and Adjusters." He stressed cooperation and conference in relations between the two groups and said a well sold insurance contract avoids adjustment difficulties.

Compromise Plan Is Filed with Missouri High Court

JEFFERSON CITY, Jan. 13.—Attorneys for the fire companies and Superintendent O'Malley have filed an agreed judgment in the supreme court to end the litigation on the 16 2/3 percent rate increase of 1930. The proposal which is subject to the court's approval provides that 20 percent of the \$1,750,000 in impounded premiums be returned to the policyholders, 25 percent would be given to the agents who wrote the business and 30 percent would be set aside for expenses of litigation and attorney's fees. The remainder would go to the companies. The agreed judgment is practically the same as that filed before Circuit Judge Sevier of the Cole county court in 1935. Judge Sevier ruled against the compromise and ordered that all impounded funds be disbursed to policyholders. Under the new proposal all expenses will come from the companies' share of the fund rather than

from the original amount. The case is docketed for Jan. 26.

The agreement does not affect the insurance department's appeal from the \$18,000 allowed G. M. Sone, custodian of the fund, and \$36,000 to T. S. Mosby, his attorney.

Wayne Oakland Agency Has Lost Its License in Detroit

LANSING, MICH., Jan. 13.—Revocation of the agency license of the Wayne Oakland Agency of Detroit has been announced by officials of the Michigan department who said that the action was taken following a hearing.

While department authorities gave as their sole reason for the revocation employment by the Detroit agency of unlicensed solicitors, it was learned from other sources that complaining agents in Detroit suspected the agency had been raiding expirations on HOLC mortgage properties. Records of the agency in possession of the department revealed that the great bulk of its business was represented by coverage written on HOLC risks. Both partners in the agency, Frank Miller and Mabel Wilkinson, formerly had HOLC connections and they had had no previous insurance experience so far as the department was able to determine.

The agency employed at least four solicitors, Seth Burwell, a department investigator said. None was licensed. They had accounted for most of the business on the agency's books. The organization had offices at 1717 Dime Bank building.

After the agency had been notified of the department's action a letter was received requesting an itemized list of charges and disclaiming any intentional wrongdoing on the part of the partners who, it was said, had gained much valuable experience in the past six months and would avoid pitfalls of the past if given another chance. It is unlikely, however, that the case will be reopened.

Minnesota Department May Be Put Under Civil Service

ST. PAUL, Jan. 13.—Minnesota may soon join that group of states whose insurance departments are under civil service regulations. The present legislature will be asked to consider the advisability of putting the insurance and other state departments on this basis, in the belief that it would mean greater efficiency.

While the vicissitudes of politics have not affected the Minnesota department as much as in some other states, there nevertheless has been considerable turnover in jobs with each change in administration. Civil service would put an end to this as all employees, even the key men, would be required to pass an examination and once they were appointed to jobs could not be removed except for cause or inefficiency. The head of the department, of course, would not be under the civil service rules. He would continue to be chosen according to party affiliation.

Seidel Assistant Secretary

MILWAUKEE, Jan. 13.—Directors of the Milwaukee Board of Fire Underwriters have appointed John G. Seidel as assistant secretary. For the time being, Joseph G. Grindle will continue as secretary on a part-time basis and in an advisory capacity. Mr. Grindle resigned recently to become state secretary of the Catholic Family Protective Association.

Mr. Seidel was for about five years in the investment business in Milwaukee and Chicago, later was with the Amer-

ican Appraisal Co. and for several years was a member of Seidel-Hokanson & Co., appraisers. His work in the appraisal business has brought him in contact with the fire insurance business and with many agents. He will also understudy Mr. Grindle as assistant secretary of the Milwaukee Board of Casualty & Surety Underwriters and as secretary-treasurer of the Wisconsin Association of Insurance Agents.

Organize Clark County, Wis.

NEILLSVILLE, WIS., Jan. 13.—Local agents of Clark county met here the past week to form a county association and elected L. W. Cattanach, Owen, president; G. A. Moe, Loyal, vice-president, and R. E. Munger, Neillsville, secretary-treasurer. The new association will probably be named the Clark County Association of Insurance Underwriters. The next meeting will be held in Owen in several weeks, when by-laws and constitution will be adopted. Organization work was aided by field men of the Wisconsin Fire Underwriters Association and officers of the Wisconsin Association of Insurance Agents.

Would Cut Minneapolis Losses

MINNEAPOLIS, Jan. 13.—Plans for a city-wide campaign to reduce fire losses in Minneapolis were discussed at a meeting of the directors of the Minneapolis Underwriters Association.

The Minnesota Fire Prevention Association is pushing its campaign to reduce fire hazards in the smaller communities of the state. An inspection was conducted at Pipestone Jan. 12 in connection with the 50th anniversary celebration of the Pipestone fire department.

Illinois Agents' Meeting

President W. H. Stewart of the Illinois Association of Insurance Agents has called a meeting of officers and directors in Chicago, Jan. 22. The main duty will be to appoint the various standing committees. Members of the board are chairmen of the committees.

The Illinois association will shortly introduce a monthly bulletin in mimeographed style giving official information of the organization to members. It will be issued from the office of Assistant Secretary L. L. Herring in Chicago.

Haycock Revenue Chairman

W. F. Haycock, local agent at Callaway, Neb., who was Democratic floor leader at the last session of the Nebraska legislature, heads the important revenue committee at the present unicameral session.

Nebraska's Worst Farm Fire Year

LINCOLN, NEB., Jan. 13.—State Fire Marshal Davis of Nebraska reports that 1936 was "the worst year in Nebraska history so far as farm fires are concerned." Last year 542 farm fires were reported, 372 buildings being totally destroyed. More than \$1,500,000 of farm property was destroyed, upon which there was less than 50 percent recovery by insurance. The loss exceeded 1935 by \$200,000. It is estimated that the reports cover only 60 percent of rural fires.

Convict Minnesota Arsonists

ST. PAUL, Jan. 13.—A compilation made by Commissioner Yetka, who is ex-officio fire marshal, shows that 19 arson convictions were obtained in 1936, one of the best records the state has ever made in a single year. In most of these cases insurance was involved. One conviction in December probably

set a record for speedy action. Within 24 hours after August Anderson set fire to his barn near Hallock, Minn., late in December, he had been arrested, signed a confession, arraigned, tried, convicted and sentenced to prison.

This was one case, however, where the insurer had to pay even though arson was established. The property was mortgaged to the local bank and when the bank started action to foreclose, the owner became so incensed that he fired the building. As the insurance was made payable to the bank, the company had to settle.

Detroit Agents' Annual

DETROIT, Jan. 13.—The Detroit Association of Insurance Agents will hold its annual meeting Jan. 20. W. H. Bennett, secretary National Association of Insurance Agents, will be on from New York to talk on the value of organization work and review the business from the local agents' standpoint as he sees it today. The newly appointed insurance commissioner, C. E. Gauss will appear for his initial meeting. The meeting will follow a dinner.

May Settle Detroit F. & M. Case

ST. PAUL, Jan. 13.—Efforts to settle out of court the \$18,000 suit of the Detroit Fire & Marine against the First National Bank of St. Paul are now being made. The case has been stricken from the court docket pending negotiations. The suit involves the banking of company funds by a former state agent of the company at St. Paul who is now deceased.

Big Jump in Detroit Losses

DETROIT, Jan. 13.—Detroit's fire losses for 1936 were \$2,570,785, an increase of about \$500,000 over 1935, according to Fire Marshal Goldwater. Five large fires caused a loss of \$623,367. There were 6,000 dwelling fires and 1,914 automobile fires. The arson squad found 99 fires to be of incendiary origin, 19 of them touched off to defraud insurance companies.

Hold Up Gas Truck Ordinance

A restraining order was granted 12 trucking corporations by Federal Judge Hopkins of Kansas City, Kan., which nullifies the Newton, Kan., ordinance prohibiting trucks carrying more than 500 gallons of gasoline from using the city streets. The ordinance was passed after a gasoline truck caught fire in Ottawa, Kan., and caused damage to buildings there.

There has been much agitation for legislation on this subject at the present session of the Kansas legislature.

O'Malley to Resubmit Code

JEFFERSON CITY, MO., Jan. 13.—Superintendent O'Malley plans to resubmit to the Missouri general assembly his insurance code bill that met defeat at the last session principally through the opposition of fraternal societies and town mutual fire companies.

The new measure that will be submitted to the present legislature will contain practically all of the provisions of the 1935 bill, including provisions for more rigid regulations for fraternal and town mutuals and also for the tightening of the provisions covering the investments of insurers.

Increase Davenport Cover

DAVENPORT, IA., Jan. 13.—The city of Davenport has purchased \$288,550 insurance on city property from 28 agencies here. The coverage has been only \$90,000 in the past. City property is valued at approximately \$400,000. The previous premium had been about \$3,000 each five years. The new premium will be approximately \$4,400 each five years. Arrangements have been made to budget the premiums over five years in annual payments.

To Waterman & Lohmiller and Ruhl & Ruhl went the largest shares of

\$15,000 each. The following individuals and firms each were given \$10,000: Hans P. Nelson, Earl Karwath, Mel Foster, Mel Foster, Dan B. Horne, Kerker-Trisel Co., Snider, Walsh & Hynes, Schroeder Agency, Cecil Cook, Steffen & Karwath. The following wrote \$5,000 policies: Alfisch Agency; H. J. Toher, Wagner Realty Co.; Harry Phillips, James J. Kinnavey, G. A. Phelps, Fred Finch, Fred Finch, D. J. Lewis and William Veiths. Julius Junge was awarded \$8,550 and the Berwald Agency \$1,000.

Michigan Senate Committee

The Michigan state senate has chosen George Weadock, Saginaw agent, chairman of its committee dealing with the business. Senator Weadock is a son of the late Leo Weadock, lawyer and agent, who served several terms in the Michigan senate.

Other senators on the committee are: William Palmer, Flint; J. C. Wickstrom, local agent of Norway; E. V. Brooks of Holland; C. B. Jones, attorney and agent of Marcellus, and Miles Callaghan of Reed City, who is chairman of the house committee of the 1935 legislature; and Harry Hittle, attorney of Lansing.

H. R. Endly Is Penniless

Ohio agents a few years ago remember the Great American Mutual Indemnity of Mansfield, O., that was operated by Henry R. Endly, who was a former state senator. He was taken into custody at the Goodfellow House in Milwaukee last week, being penniless. At one time his salary was \$13,000 a year. He was taken up by the police force as a vagabond. He served in the Ohio legislature for two years. He is about 43 years of age. He lost control of his company and was in Milwaukee trying to hunt work.

Backs License Bill

LANSING, MICH., Jan. 13.—Michigan's retiring governor, Frank D. Fitzgerald, in his message to the incoming 1937 legislature recommended that an agents' qualification law be enacted. Examination and licensing of agents should be required for the protection of the public as well as for the maintenance of a high standard of ethics in the insurance profession, he said.

Michigan Losses Up

LANSING, MICH., Jan. 13.—Fire department reports indicate a material increase in fire losses outside Detroit in 1936. Muskegon had \$320,805. Grand Rapids had a setback when losses mounted to \$226,000, a per capita loss of \$1.33 as compared with 77 cents in 1935. Lansing's loss also showed an increase from the all-time low attained in 1935, the 1936 total being \$70,000, or around 80 cents per capita, as compared with \$48,000 the previous year. Kalamazoo losses were \$100,000. Battle Creek losses totaled \$82,260 or around \$2 per capita. Pontiac showed an increase in loss from \$61,698 in 1935 to \$74,874 in 1936, slightly in excess of \$1 per capita.

Dauwalter in Indianapolis

A special luncheon meeting of the Indiana Association of Insurance Agents will be held in Indianapolis Jan. 20 at which F. S. Dauwalter of the Business Development Office will speak. Field men as well as local agents will attend this meeting.

Take Over Ohio Companies

The Ohio department has filed suit for authority to take over the Guardian Fire of Cleveland. It is said that the company has been selling stock without authority. The company must show cause by Jan. 18 why it should not be taken over.

The department has also filed suit in the court at Columbus for authority to take over the Atwater Farmers of Atwater and the Mid-west Mutual of Toledo, both small companies. In the case

of the latter company, the department has been given authority to levy assessments to meet its obligations.

Mutual Holds Meeting

Preceding the annual meeting of Town Mutual Dwelling of Des Moines at the home office a four-state sales conference was held for leading agents and general agents. Speakers at the banquet included President B. R. Jones and Senator C. L. Herring, former Iowa governor and a director of the company.

Grain Dealers Conference

J. J. Fitzgerald of Indianapolis, president of the Grain Dealers National Mutual Fire, spoke at a three-day conference of field men in Omaha. C. R. McCotter of Omaha, western manager, presided. "It is the duty of fire insurance companies to help reduce America's loss of property and lives from fire," Mr. Fitzgerald declared.

New Rate Books Published

Rate books were published by the Illinois Inspection Bureau during December for: Cameron, Clifton, Effingham, Eleanor, Eola, Grafton (class changed from 9th to 8th), Greenfield (class changed from 9th to 8th), Kaneville, Morris, Mt. Auburn (class

changed from 10th to 9th), New Windsor, Robinson, Roseville, Saukemin, Stronghurst, Toledo, Wayne, Wedron.

Public Hospital Increase

Directors of the Pine Knoll sanatorium, Scott county, Ia., public hospital, voted to increase insurance coverage from \$98,000 to \$201,630. There will be \$169,930 on buildings and \$31,746.32 on furnishings.

New Agency in Cleveland

The new agency of D. J. Garson & Son has been formed with offices at 872 Hanna building, Cleveland. It will represent the Piedmont Fire as sole agency.

E. J. Garson, principal factor in the agency, has been a solicitor in Cleveland for many years. The agency has become a Class 1 member of the Cleveland board.

Middle West Notes

H. L. Taylor, 71, local agent at Westfield, Wis., died at his home there from a heart attack.

Allison Alexander, 62, formerly for 15 years a local agent in Milwaukee, died at his home.

N. C. McLean, East St. Louis, Ill., local agent, has been elected chairman of the East St. Louis Committee for Mediation, organized to promote peaceful settlement of labor disputes.



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IN THE SOUTHERN STATES

Self-Insurance Fund Is 'Broke'

Now Want to Insure Rutherford County (Tenn.) Schools with Agents Advancing Premium Money

MURFREESBORO, TENN., Jan. 13.—The magistrates of Rutherford county court have decided to insure the school properties if the local agents will advance the money for the premiums for a year. For the last six years, these properties have been self-insured in a reserve. The balance in the reserve is now only \$600, and that must all be used to pay debts incurred in rebuilding burned buildings.

The magistrates agree to provide for the insurance in the 1937-38 school budget and in the 1937 tax levy. But the '37 taxes will not come in until next year and there is no other money available with which to pay premiums. The local agents are asked to be the "angels."

Harrison Resumes Old Post As Georgia Commissioner

ATLANTA, Jan. 13.—W. B. Harrison was sworn in as comptroller general and insurance commissioner of Georgia as one of the first official acts of the newly inaugurated governor Ed. D. Rivers.

He was appointed comptroller general and insurance commissioner in 1929, having previously been assistant to General W. A. Wright, who served for many years in that capacity. Mr. Harrison was reelected for a two-year term in 1930 and again in 1932, remaining in office until March, 1936, when he was removed from office by Governor Talmadge for his refusal to pay out state funds without appropriation bills. He was reelected to his old post last fall, resuming office Saturday.

Rance Wright, deputy commissioner, a son of the former comptroller, will continue in that post.

Arkansas Losses Up

LITTLE ROCK, Jan. 13.—Arkansas fire losses in 1936 totaled \$3,903,738 compared to \$3,113,324 in 1935 and \$2,825,250 in 1934, the low point of the five-year period. The highest total was \$5,413,135 in 1932.

Texas Regional Vice-Presidents

Regional vice-presidents of the Texas Association of Insurance Agents named in the past few days are: M. L. Ramey, Denton District, 2; John Adriance, Jr., Galveston, District 3; T. C. Fitzhugh, Waco, District 4; Paul Moore, McAllen, District 5.

Await Arkansas Action

LITTLE ROCK, ARK., Jan. 13.—Following the inauguration of Governor Bailey, political observers await action to reorganize the department of insurance for which M. J. Harrison, Little Rock attorney and former commissioner, was slated for commissioner. In line with the belief that Governor Bailey will ask for reorganization was the appointment of Guy E. Williams, former assistant attorney-general, as deputy commissioner and state fire marshal.

Commissioner Gentry some time ago announced he would not resign as his six-year term will extend to March, 1939.

Blanton, Thomas & Co.'s Year

Blanton, Thomas & Co. of Dallas announced that they closed the year with a substantial increase in business. All employees were given a bonus at the end of the year. All companies in the agency made a good profit on the year's opera-

tions and in some instances the loss ratio has been less than 20 percent. In addition to the local agency, the firm is general agent for the Globe Indemnity and the automobile department of the Anchor of Providence.

Calhoun Heads Membership Drive

Ben Calhoun, president of the Houston (Tex.) Insurance Exchange, has been named a member of the membership committee of the National Association of Insurance Agents and placed in charge of the drive for new members in the southwest.

Results from License Law

Under Oklahoma's new agency license rules, more than 1,200 licenses have been eliminated. Since the first examination last July, 53 passed and seven failed but three passed later. These are now pending examination. Sixty-seven failed to appear and were thus eliminated. The insurance board has built up an exhaust-

ive file of information regarding companies represented by each agent. Borderline cases on those not doing at least half their business in the competitive field are investigated thoroughly. In future the board expects to require a certain form to be signed in the case of a new agency plant, indicating the present financial status with companies already in the agency.

Welcome Bizzell to Post

NEW ORLEANS, Jan. 13.—W. S. Bizzell, new manager of the Louisiana Rating & Fire Prevention Bureau, who succeeded Rush P. Strong, was welcomed by members of the Louisiana insurance commission at the first 1937 meeting of the commission. Colonel Rodney P. Woods, Sr., chairman of the commission, and I. W. Gajan, its secretary, made welcoming talks to which Mr. Bizzell replied. Mr. Strong, who retired from the bureau management after 31 years' service in that organization, also attended the meeting of the commission and spoke briefly, as did E. J. Sullivan, president of the bureau. Mr. Bizzell came here from Oklahoma City, where he was assistant manager of the Oklahoma Inspection Bureau.

PACIFIC COAST AND MOUNTAIN

Compulsory Issue Seen as Imminent in California

SAN FRANCISCO, Jan. 13.—That compulsory automobile liability insurance will be a live issue before the present session of the California legislature is indicated in the attitude of numerous judges, police officers, safety workers, laymen, engineers and civic leaders throughout the state. On the opening day a compulsory bill was introduced by Senator Ed Fletcher, San Diego. Similar bills are expected from various groups.

Possibility of the introduction of a rate filing measure is also seen inasmuch as even within the business itself supporters of such a measure are increasing, although it is understood that the California Association of Insurance Agents, which last session introduced such a bill, will make no such efforts this session.

Blue Goose Dinner Dance

The San Francisco Blue Goose will sponsor a dinner dance Feb. 1 for its annual "get-together" prior to annual meeting of the Fire Underwriters Association of the Pacific. Older members urged the pond to return to a stag but the younger members were in favor of the dance party.

The affair will be held in the Bal Tabarin with special entertainment, including the pond's glee club. R. R. Robertson is chairman of the committee in charge.

To Discuss Wyoming Legislation

CHEYENNE, Jan. 13.—The Wyoming Association of Insurance Agents will discuss legislative matter at a special meeting here Jan. 23. No definite proposals for association-sponsored legislation have yet been made. The Wyoming association also is planning to conduct a campaign for membership in the National association.

Goldsmith Heads Committee

Donald B. Goldsmith of San Diego, vice-president California Association of Insurance Agents, has been named chairman of the membership committee by President G. C. Appleton, Fresno. A drive for increased membership probably will be held in April.

New Reno General Agency

A new fire and casualty general agency has been established at Reno, Nev., by R. J. Dohr, who was formerly manager of the J. E. Sling-

erland agency of that city. It has the general agency of the Standard Accident, New England Fire and Sentinel Fire for Nevada.

Stillman Talks on U. & O.

PORTLAND, ORE., Jan. 13.—Stanley Stillman, Jr., special agent Liverpool & London & Globe, discussed use and occupancy insurance at the Portland Insurance Men's Breakfast Club.

T. R. Mansfield on Coast

T. R. Mansfield, vice-president of the Gulf of Texas, has been spending the past two weeks in Los Angeles with the Pacific department, of which Vernon C. Dargan is manager.

Inimical New Mexico Bills

SANTA FE, Jan. 13.—A valued policy law and a state fire fund bill will be introduced in the legislature, it was learned definitely. Although strongly opposing both measures, company representatives accord them a strong chance of passage this year.

Colorado Hail Experience

The Colorado hail board, writing \$500,000 of policies in 1936, reports a loss of \$118,000.

Coast Notes

Kirschner's 1937 Insurance Directory for Los Angeles has been distributed.

Clifford Conly, Pacific Coast manager of the Great American and Phoenix of Hartford groups, has left San Francisco for New York on an extended business trip to the home offices of his companies.

L. G. Evans, general service manager of the National Automobile Club, left his San Francisco headquarters on a service unit inspection trip of northern California.

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EASTERN STATES ACTIVITIES

Board Makes Boston Report

Fire Department Praised But New Building Code Is Needed, Survey Reveals

The National Board has issued a report on fire hazards and fire protection facilities in Boston. The fire department was praised as competent although more personnel is needed. Equipment is in good condition and response to alarms is adequate except as to telephone, A. D. T. and Boston automatic alarms. Fire boat service is fairly good.

The alarm system is good, although telephone alarms are improperly handled except after 11.

An efficient salvage corps covers the main part of the city and police cooperation is good. Arson squads check suspicious fires.

Building department laws are not sufficiently comprehensive, however, although a new code is awaiting adoption. Enforcement is good, although organization is undermanned. While state laws provide good requirements as regards explosives and inflammables, important subjects are not covered. Inspections are systematic and effective, however. There is good municipal control of electricity, regulations based on the national code, although systematic re-inspections are needed on old work.

Some Criticisms Made

In discussing the conflagration hazard the report said that in some sections structural conditions are weak and the probability of fires involving group or block areas is high. Widening of streets and squares, improved construction and a large amount of private fire protection aid in overcoming this. Because of high winds and of many narrow streets, there is a moderate probability of fires involving large areas. Water front properties, however, are subject to serious fires and are vulnerable because of fire or explosion in connection with transfer of oil at marine terminals. There is a moderate hazard in other industrial and mercantile sections in the city. The congested frame residential districts have possibilities varying from moderate to serious.

Plan Bay State Fire Conference

Governor Hurley of Massachusetts will call a conference of executives of fire companies doing business in the state to determine what may be accomplished in revising taxes which will be fair to the companies and will also give relief to property owners. He said the meeting will be one of "friendly cooperation," making announcement of his plans in his inaugural address.

He also urged more rigid enforcement of automobile laws.

New England Exchange Elects

F. W. Andrews Heads Executive Committee; "Broker of Record" Rule Adopted

BOSTON, Jan. 13.—F. W. Andrews, special agent Hartford Fire, was elected chairman of the executive committee of the New England Insurance Exchange, succeeding C. E. Hurst, at its annual informal dinner.

C. A. Philbrick, St. Paul Fire & Marine, was elected vice-president for two years. It being the off year, President James L. Sandison holds over for another year. M. C. Cherry, New Hampshire Fire; W. T. Lepper, Aetna Fire, and F. A. Simmons, Scottish Union & National, were elected to two year terms on the executive committee.

Retiring Chairman Hurst reported adoption of the "broker of record" rule, which is in use in most other exchanges and of the opportunity given agents to protect their interests where there is any question in the filing of such an application.

President James L. Sandison reported the death of three active and four honorary members during the year, leaving a total membership at the present time of 283 active and 206 honorary members.

Due to improvement in protection facilities fire rates were reduced in six Massachusetts and two Connecticut municipalities during the past year, according to the report of Secretary Ralph Sweetland. Benefited by the lower rates are Belmont, North Reading, Oxford, Sterling, Sudbury and Weymouth in Massachusetts and East Berlin and Southbury in Connecticut. In addition, on account of a favorable loss experience, reductions in rates on certain classes, varying from 5 to 15 per cent were promulgated Jan. 1, affecting the entire state of Connecticut.

State Association for Women

A movement is on foot to form a state association of insurance women in New Hampshire. Helen T. Meehan, 839 Elm street, Manchester, is head of the movement. She edits a column for women in "Granite Chips," house organ of the New Hampshire Association of Insurance Agents.

Tribute to Sullivan

CONCORD, N. H., Jan. 13.—Governor H. S. Bridges of New Hampshire who retired to become United States senator, paid a compliment to Commissioner Sullivan in his farewell address to the legislature. He referred to Commissioner Sullivan, who has served for 13 years, as having carried on "one of the most efficient administrations in the

United States," and continued: "The importance of the insurance department has increased with the years. Through it the state has established standards of service and equity to both the companies doing business in the state and to our people."

Names O'Brien, Russell & Co.

The Central Fire of Baltimore has appointed O'Brien, Russell & Co. manager for New England outside of Boston and the metropolitan district. O'Brien, Russell & Co. also represent the St. Paul Fire & Marine and the Mercury.

Insurance-Credit Meetings

NEWARK, Jan. 13.—The insurance committee of the New Jersey Credit Men's Association has arranged a number of interesting meetings this month. E. H. Babbage, vice-president Bankers Indemnity, will address the steel

group Jan. 21 and Frederick Doremus, secretary American of Newark, will talk before the printers' suppliers Jan. 25. At the third meeting, before the automobile group, Frank Heller will speak. J. P. Neuwirth of the Lippman & Lowy agency will speak before the bakers' suppliers Jan. 28.

Massachusetts Banquet Feb. 16

BOSTON, Jan. 13.—The date of the annual banquet of the Insurance Society of Massachusetts has been set for Feb. 16. Governor Hurley will be one of the principal speakers.

Name Legislation Committee

BOSTON, Jan. 13.—Six active insurance agents are to be found on the joint committee of the Massachusetts legislature appointed this week to have charge of insurance bills. The committee is made up as follows: Senators, D. M. Brackman, Boston; E. S. Oppen-



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North Heads Red Cross Group

Walter C. North of Winter & North, Bridgeport, Conn., has been elected chairman of the Bridgeport chapter, American Red Cross. He is Connecticut national councillor of the National Association of Insurance Agents.

Lyon on Board of Standards

NEWARK, Jan. 13.—Charles C. Lyon, Newark manager of the Niagara Fire for more than 25 years, has been appointed a member of the board of standards of Newark, which will advise Building Superintendent Bigelow on questions of new construction.

Durgin Not Confirmed

AUGUSTA, ME., Jan. 13.—Linwood S. Durgin, Lewiston local agent who was recently appointed insurance commissioner of Maine by Retiring Governor Brand, a Democrat, failed of confirmation when the Republican governor's council came in with Governor Barrows this week. Commissioner Spencer's term expired some months ago and he has been a holdover since.

Ross to New York City

BOSTON, Jan. 13.—C. A. Ross, who has been with the Factory Insurance Association for 18 years, recently as field manager in Boston, has been transferred to New York City as district manager. He will be succeeded in the

Boston office by H. P. Conklin, who has been special agent here. Mr. Conklin has been with the organization 25 years.

Plan Pittsburgh Gathering

PITTSBURGH, Jan. 13.—The committee in charge of arrangements for the annual meeting of the Insurance Club of Pittsburgh, scheduled for Feb. 15, is headed by Fred W. Sippell, North America. C. F. Flaherty, Tener-Lowry Co., and E. W. Murphy, of A. L. Patterson Agency, Inc., are co-chairmen. Chairmen of sub-committees include,

R. H. Alexander, Hoover-Diggs Co.; Wallace M. Reid; Henry S. Bepler; Charles H. Bokman, New Amsterdam Casualty; C. A. Reid, W. M. Reid Co.; W. J. Zwinggi, Logue Brothers; George Saff, Royal Exchange; C. H. Alexander, McCandless-Collingwood & Alexander; A. C. Supplee, United States Fidelity & Guaranty, and Robert V. Branion, Zurich.

A meeting is scheduled for Jan. 16 to complete arrangements.

J. G. Prendergast has sold his agency at Ansonia, Conn., to J. T. MacKay.

IN THE CANADIAN FIELD

May Abolish Quebec Office

Consideration of Drastic Curtailment of Provincial Department Is Rumored

Insurance people of the province of Quebec are pondering a recent news broadcast from Montreal that the province's insurance department will be abolished. It has been rumored that Prime Minister Duplessis will not appoint a successor to the late B. A. Dugal, superintendent, who died recently. It has also been said that he would drop the department as an economy measure.

Give Ottawa Control

Under this setup provincial insurance matters would be left to the federal department at Ottawa, with associations in Montreal reporting directly to the Dominion capital instead of to Quebec as at present. Present Quebec department employees will be transferred to other departments while some of the older ones will be pensioned.

It is also rumored that, if necessary, a law or an order-in-council would be

submitted. Some doubt has been expressed, however, that such a step will be taken, since Quebec province gets about \$75,000 annually from life insurance through its insurance department, in addition to premium tax and other assessments collected by the revenue department. Insurance carriers, unlike other corporations, are required to take out licenses and pay fees to the department.

Increase in the number of companies entering Quebec during the last 20 years has added greatly to its revenue. The Ontario department secures about \$180,000 per year, while expenses are about \$80,000, which leaves about \$100,000 in the provincial treasury.

It is doubtful, however, that licensing of insurance people by the province of Quebec will be abolished in itself.

Canadian Loss Ratio Is 40%

Five Year Record Is Below 50 Percent Mark—Superintendent Finlayson Makes Estimate

Canadian fire insurance will show a loss ratio of less than 40 percent of premiums written in 1936, according to a forecast made by Dominion Superintendent Finlayson. This ratio will be slightly above the 36.25 percent record in 1935 but still marks a most favorable year for Canada in comparison with losses for previous years, as the ratio was 40.91 percent in 1934, 52.81 percent in 1933 and 64.32 percent in 1932. The average ratio for the last five-year period will mark the first time for many years that it has been below 50 percent.

Premiums About Same

Fire insurance premiums in 1936 are approximately the same. Mr. Finlayson believes that the volume of premiums written during low loss years is not a safe index of business recovery as under such conditions competition among the various underwriters has a tendency to force down the rate of premiums and such reductions may more than counteract the increase in the volume of business. These concessions in rates, usually made only on more highly protected risks, is considered beneficial as it encourages property owners to improve their risks by better attention to construction and the installation of preventive appliances, he said.

Named by Economical Mutual

TORONTO, Jan. 13.—The Economical Mutual Fire of Kitchener, Ont., has appointed Gordon J. Lonsdale as its Toronto branch manager. He has been for several years Toronto branch manager of the Merchants Casualty, which is being acquired by the Economical Mutual.

Ontario Fire Losses Lower

TORONTO, Jan. 13.—The Ontario fire marshal's office estimate fire losses in the province at \$7,609,873 for 1936 compared with \$8,164,350 for 1935, and the insurance loss at \$6,716,228 compared with \$6,844,742 last year. This is in contrast to a rise shown by latest figures for the United

States. Factory losses increased in Ontario, but other major classes decreased. There were 36 convictions for arson and other criminal charges arising out of fires, compared with 25 in the previous year. This is ascribed to more vigorous investigation and prosecution, rather than to increase in incendiary fires.

Heads Royal Casualty Unit

A. D. Campbell, formerly of the Montreal office, has been named casualty superintendent by the Royal-Liverpool group for the maritime provinces. He will make his headquarters in the Halifax branch office, under the management of T. E. Patterson, Bank of Nova Scotia building, to handle this business directly.

The Royal casualty business heretofore has been under the control of the Montreal office.

MOTOR

Criticises the Rate Manual

Sam T. Morrison of Iowa City Declares That the Book Is Entirely Too Complicated

Sam T. Morrison of Morrison & Parsons, Iowa City, Ia., one of the live men in the agency field, believes that much improvement can be made in the way of moving out the wrinkles in automobile insurance. He has particularly a grievance against the rate manual. Mr. Morrison says:

"Rates seem to be very fair, policies are satisfactory, and coverage excellent. The fault is in the big complicated rate manuals. It is larger than a life insurance manual. To quote a rate on such a common article as an automobile should not be such an intricate problem. Stock companies have made the process so difficult, that it really is a surprise that they get the volume that they do. Agents are loyal."

Did Not Rise to the Occasion

"For example, assume an agency has a telephone call for insurance on a 1933 Ford sedan and trailer. It is some job to quote the exact comprehensive rate with a \$50 deductible clause. Automobile writing companies certainly had luck with them when the big finance companies educated automobile owners as to the value of insurance including collision coverage. The dismal part of it is the companies did not rise to the occasion. The finance companies developed the market, did all the educating, and the fire companies merely complicated it. An automobile garage can quote an insurance price in a minute on a car, but an agent has to study it all out, and the customer loses patience."

"For an untapped source of insurance premiums, the biggest field today in the middle west is the selling of automobile insurance. The rate manual should be boiled down from 120 pages to 10 pages, and simple little rate cards should be furnished agents. What possible difference does it make whether one has a four door sedan or a two door sedan, if one has the identifying car numbers?"

"Automobile insurance should be a very easy fast seller. It should be made popular, premiums could be tripled, and agents and brokers should be able to quote the exact premium anywhere at any time, without all the inconsequential detail now regarded as necessary. The results of standing pat are only too apparent. Automobile insurance needs a great big revision, and since the companies are stymied, new men should be injected in order to get the business."

Compile Virginia Auto Data

RICHMOND, Jan. 13.—The newly set up automobile statistics bureau of the Virginia department is now handling daily reports of losses and good progress is being made, Superintendent

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Bowles reports. Two business machines are being used to tabulate the data, with M. O. Stout and two clerks operating the service. Virginia is the first state to set up such a bureau and the work is being watched with interest by other states. Hitherto the state has depended upon statistical services of the companies for information on which automobile rates are based.

St. Louis Recoveries 90%

ST. LOUIS, Jan. 13.—Police recovered 90 percent of the automobiles stolen here in 1936, according to the automobile theft bureau. There were 1,431 automobiles stolen and 1,291 recovered. In 1935 auto thefts numbered 1,833 and 1,698 were recovered, or 92 percent. Since 1933 there has been a steady decline in the number of local thefts. In that year 3,028 automobiles were stolen and 2,826 recovered, or 93 percent.

Denver Recoveries High

DENVER, Jan. 13.—Only one insured car stolen in this city in 1936 has been unrecovered, according to Guy W. Shirley, special agent Auto Protective & Information Bureau. In 1936, 645 automobiles valued at \$17,250 were stolen and 639 recovered, leaving only six outstanding.

This is even better than the record of 1935, when 788 cars valued at \$181,553 were stolen and 780 recovered.

MARINE

Will Develop Line in East

G. J. Nicolaus to Head Expanded Facilities of Millers National on Atlantic Seaboard

G. J. Nicolaus, who has been named by the Millers National as special inland marine representative in Philadelphia, will develop the line in Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Maryland, Massachusetts, Delaware, District of Columbia, Virginia and West Virginia, being affiliated with the E. K. Schultz general agency in Philadelphia.

The Schultz firm has represented the Millers in Philadelphia for 40 years. It has offices in the Manhattan building and special agents in Pittsburgh, Boston and Syracuse. Mr. Nicolaus has been with Alan H. Bonito & Co. for the past five years. He has had charge of its Philadelphia office for the past year.

Would Deny Limitations

The American Bar Association's committee on admiralty and maritime laws is demanding that the federal government's safety at sea program be extended by revision of existing statutes which limit ship owners liability in case of accident. It was recommended that if the failure of the owner before or at the beginning of the voyage to exercise due diligence to make the ship seaworthy, cause any loss, destruction or damage, as set forth in the revised statutes, limitation of such owner's liability shall be denied.

Coles With Fireman's Fund

O. C. Coles, Jr., heretofore with Cravens, Dargans & Co. at Houston, has joined the Fireman's Fund as marine special agent in Texas and Louisiana. His headquarters are at Houston. He is the son of a local agent at El Paso.

Definition Is Rescinded

The nation-wide definition of marine writing powers that has been effective in North Dakota since Jan. 5, 1934, was rescinded by Harold Hopton, just before retiring as insurance commissioner of that state. The new commissioner is Oscar E. Erickson.

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XUM

Trial May Drag Out Over 3 Weeks

(CONTINUED FROM PAGE 3)

The purport attached by the plaintiff to his testimony appeared to be that there was a fire sufficient to lead to the turning in of an alarm, before the noise of an explosion, or collapse. The defense objected to the use of the term explosion in describing the noise, and on cross-examination seemed to imply that the noise might have been caused by the fall of the building and the 80,000 barrels in the rack house. It is the contention of the defense that the rack house fell of its own weight, and that the fire followed.

Next was Bertram Dolan, another watchman, who went off duty in one of the buildings at 10 o'clock, said he was in the watchhouse making out his time card when the master fire alarm came in. His timing approximated that of Worrick, with the addition that he admitted the fire department apparatus through the gates of the plant some three or four minutes later.

Phoned in Fire Alarm

Roy Dean, administration building janitor, gave testimony tending to place the explosion or collapse somewhat after the fire. He was at work on the third floor, but descended to the first floor looking for the plant production manager. He saw Mr. Fisher, another official, and was following him out the front door to the porch of the administration building, when Mr. Fisher threw up his hands and cried "fire." The janitor hurried back to the information desk, some 40 feet inside, picked up the phone and put in the call for a fire alarm testified to by Worrick. Dean asserted that it was after he had hung up the phone at the information desk that he heard the noise of the collapse or explosion.

Next came two police officers of East Peoria, who were in a car parked with lights out across the Illinois River facing the Walker plant. They saw a flare out of the top of a building and the noise of an explosion followed almost instantly. The car vibrated from the disturbance of the air. They turned in a radio call to Peoria headquarters, and reported the explosion. Two police officers at headquarters identified records showing that this call was recorded as 10:12 p.m. This was the first alarm that came in on the fire.

Quartet of Witnesses

Edward J. O'Reilly, an internal revenue employee, and four friends were standing in view of the Walker warehouse No. 3 when the "explosion" occurred. They all fixed the time as shortly after 10 o'clock.

O'Reilly testified that his attention was attracted to the direction of the Walker plant by a hissing noise which lasted a few seconds. This was followed by a roar and rumble and the sound of an explosion. He said the roof raised up, and flames shot up similar to a blow torch. He felt a hot blast in his face.

Andrew Lavin, a clerk for the P. & P. Union railway, was one of the companions of O'Reilly. He said he heard a hissing noise, which stopped a few seconds, then the roof raised up and flames shot up over the walls in a horizontal direction. He said the roof went up a good distance.

Myron J. Mahood, also with O'Reilly said he heard a very peculiar hissing noise, then all of a sudden this blast, the roof raised from the building and he saw the flames over the top of the walls. He said the walls were standing. When they got down to Water street to watch the fire, the walls were down.

The last of the quartette, James W. McGee, said there was a hissing sound followed by an explosion. He saw the roof rise up and flames shot out. He said the walls were standing and could be seen by bright light.

The defense brought out that all four had signed an affidavit or statement which they understood had been prepared by O'Reilly, or from information supplied by him. Further questions dwelt on the possibility that the similarity in the stories might have come from this paper.

Philetus Dowling, a coal miner, heard the "explosion" and saw the roof up above the house. He said it sounded to him like 300 or 400 pounds of dynamite. It was not like an explosion in a mine but like a large quantity of dynamite going off on the surface, he said.

Noise Like Locomotive

William Bailey, a laborer, heard a noise like a locomotive blowing off, then he saw the roof on the building open up like a cellar door, and a ball of fire rose into the sky. There was a loud noise. He insisted that the roof rose up and separated "like a cellar door," the roof separating at the peak.

Mrs. Mary Thompson and Mrs. Libby Kennedy who were sitting on the porch of their house in view of the Walker plant saw a great burst of fire which looked like a chimney.

Peter Bachelor, who was also sitting on a porch overlooking the Walker plant, saw a flash that went up in the air 200 or 400 feet high, right out of the roof. There was a muffled sound, the flame went down and then went up again as the building burned. He testified that the roof just opened up, apparently agreeing with Bailey and disagreeing with those who claimed the roof rose in one piece and that the flames shot out horizontally. He was very positive that the roof did not go up in the air. He went down to the fire, in about 20 minutes, and declared the walls were still standing when he got there.

Deposition Is Read

A deposition was read from Mr. Fisher, the official who was on the porch of the administration building and gave the cry of "fire" which caused the janitor to telephone the alarm to the watchhouse. He said he heard a low rumbling sound, then "poof." He said it had the sound of switching of box cars, or low rumbling thunder.

Mr. Stewart, the superintending architect, worked at the Walker plant from the previous fall up to July 15, when he left because of illness. He superintended the erection of warehouse No. 3 and also of warehouse No. 4, which was about half done at the time of the loss.

Fred Straus, warehouseman for the Peoria plant, told methods of operating the rack house and storing barrels. On cross-examination he said about 3:30 p.m. July 22, 1935, the foreman of warehouse No. 3 reported a rack was out of alignment and they were having difficulty reracking barrels. He was asked about checking bolts holding racks together, since as timber dries bolts might become loose, but said the bolts were tightened at least three times. He was asked if they refrained from filling the sub-basement until part of the upper floors were filled, because the sub-basement was too damp, and said no.

Thinking of Something Else

Part of his statement at the hearing July 24, 1935, was read to him, quoting him as saying they were unable to fill the bottom rack because of dampness. On cross-examination he said he was thinking of warehouse No. 2. He was asked about temperatures in rack house No. 3, and again parts of his statement of July, 1935, to a different effect, were read.

He saw men who were not working for him going in and out of the warehouse during the afternoon, but did not know whether or not they were carpenters. He withdrew his own men. Some

photographs were shown him by the defendant and he was asked if they were true representations of the situation before and after the fire.

A deposition taken by the defense from Wallace S. McKenzie, architectural engineer for the architectural firm in charge of constructing the Hiram Walker plant, was introduced by the plaintiff. He said his first information on the bad condition in rack house No. 3 came to him between 12 and 1 o'clock July 22. He first went into the rack house about 1 o'clock with Mr. Beard, his assistant. He found the posts out of plumb on the north side of the third floor at barrel row 20. One post was out of plumb about 4 inches at barrel row 20, and other posts in the same row toward the west wall of the building were also out of plumb, but for diminishing spaces, until the end was out of plumb very slightly.

The splice in an oak tie-plate on the third floor had separated about 1 to 1 1/2 inches. There was a tendency of the edge of leaning posts to bite into tie plates on the side toward which they were tilted. All the movement was westward at the third floor. No posts were out of plumb east of the 20th row, so far as he knew, and none were out of plumb on other floors, except that the posts referred to extended from the third floor to the fifth, and from the third floor to the first. The disturbance was on the north side of the center aisle, and none of the posts was out of plumb on the south side.

Safety Work Started

Mr. McKenzie communicated with the contractors, who put men to work somewhat after 2:30 p.m. to brace ends of the building and drop blocks along the oak tieplates to prevent the posts further slipping out of place. At 1 o'clock sprinkler lines were bent.

When the catastrophe occurred he was in the architects' field office in the administration building basement. His first knowledge was a terrific noise, and he saw fire reflecting in the window above his head. After the fire McKenzie found a large part of the north half of the roof lying outside the building wall, upside down, and unburned, on top of brick from the walls. The south half of the roof was mainly on top of the debris or overlapping the building line, and all burned except for steel sheath-

ing. The ruins showed the timbers of the racks and also the barrels almost wholly within the building line. There was quite a void at the east end of the building. Most of the salvage came from the north side toward the west end. The steel tie-ins were found practically all inside the building line.

Another defense deposition read by the plaintiff was that Marion Powell, foreman for D. Jobst & Sons, who the afternoon of July 22 unloaded timbers from a truck at the Walker plant at the west end of warehouse No. 3. He and his men then dug holes and cut a notch in the walls, using the timber to shore up the west end. They got one timber up. One man was climbing a ladder with a block and falls to be used in hauling up another timber, when Powell heard the roar or rumble. He called to the man, Barton, who lost his life, to come down. Barton dropped the block and falls and started down the ladder. Then everything came down, the walls straight down and out at the bottom. He denied seeing bricks falling out of the wall before collapse, except the bricks that were dug out to make place for timbers. The noise came from inside the building. It looked as though the wall at the bottom was pushed out, he said.

Intensive Strategy Visible

There appears to be some intensive strategy in the handling of the case. The defense told the jury that under the law they could not summon witnesses more than 100 miles, and hence could not compel Peoria witnesses to attend. They said witnesses were divided chiefly into two classes, employees of Hiram Walker and employees of Val Jobst & Sons, the contractors. Hence the defense was obliged to take depositions, while the plaintiffs could bring friendly witnesses to Chicago.

The plaintiffs read affidavits taken by the defense, which they could do, and thereby made the witnesses their own. However, the strategic angle did not appear to be lacking. When the defense took a deposition the witness was theirs. They could not ask leading questions, nor cross examine the witness. When the deposition was presented by the plaintiffs, who made the witness their own, the witness was not on hand for cross examination.

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Implication Studied of Decision on Reciprocal

(CONTINUED FROM PAGE 5)

that takes more than the premium would never be collected because they have no surplus credits. Class C subscribers can be assessed their individual pro rata share and no more.

To illustrate: Five men agree to share each others' losses at a card game. They don't pool their resources, and they expressly limit the sharing of the loss to the pro rata share of each of the five. Whatever they lose, should No. 1 refuse to pay (Class A), No. 2 having nothing over his share on the basis of dividing the loss five ways (Class B)—then the loss never would be paid in full.

No Such Thing as Surplus

An exchange thus might actually never pay its losses in full and yet continue to have a surplus (what is left of Class C's credits after only each's pro rata share is used). Under Otis's decision, this surplus cannot be used because the exchange, being nothing, can have no such thing as a surplus. A surplus is a fund from which can be paid general debts and claims, and an exchange can owe no debts. What is a claim on a loss but a debt? Credits, under Otis's decision, belong to individual subscribers.

What, practically, exchanges have been doing is to use the assets of the association as a common, joint fund, paying claims and obligations, and then assigning the loss to the individual accounts. Judge Otis holds there can be no joint or common fund, so that at no time since reciprocals were instituted have they legally been able to pay a claim or an obligation in full.

Half Million Uncollected

Manufacturing Lumbermen's had over \$500,000 of premiums in process of collection in 1936, or 25 percent of a total 2 millions. It has averaged approximately \$500,000 in uncollected premiums the past four or five years.

Of assets, the exchange has 75 percent in good government and municipal bonds. Assets are shown at 2 millions, which includes the half million in uncollected premiums.

Whether the exchange actually is able, even with the use of its surplus, to pay its debts (if it is, in a word, solvent), is a problem to be decided by Superintendent O'Malley or the courts. It is known, however, that there was a very considerable amount of surplus withdrawn by individual subscribers before the exchange was taken over by O'Malley early in November. With the cancellation of each contract, a big chunk of surplus was drawn down. If the premium was \$100, the surplus \$200, then the subscriber withdrew \$250 (the surplus of \$200 and the half of the premium which was unearned), whereas the stock company policyholder would have withdrawn only \$50 of unearned premium. This illustrates one of the weaknesses of the reciprocal plan in times of stress.

Business Was Raided

Naturally the MLU business has been raided considerably by both stock companies and reciprocals. It is impossible yet to determine just how much of it has gone, or to whom. Report on the examination of the exchange by the Missouri department (aided by the departments of Oklahoma, Iowa and Illinois) probably will be ready for filing soon, and should reveal whether the exchange is solvent. At least two instances have been noted of outstate Missouri stock agents who indirectly called attention in advertising to MLU's difficulties in a bid for the business in their local areas. Most of the raiding probably has been more direct than that.

Whatever the disposition of the surplus and assets of the reciprocal, it is likely that most of the subscribers with substantial amounts of risk have secured

insurance elsewhere to assure themselves in face of the MLU legal and financial tangle, of protection. It is hardly likely that a firm would run the risk of having a loss under MLU coverage and then discover that the exchange could pay only a part.

Still Is Little Riot Cover Sold Despite Strike Growth

(CONTINUED FROM PAGE 4)

tains the vandalism endorsement or not. This has the effect of making it necessary to add the vandalism endorsement to all riot policies on the same risk. Except for the reduction in the amount of the deductible, the terms of the endorsement and the underwriting rules remain the same.

So far physical damage to the plants has been confined to some broken windows and other losses of a less severe nature. However, it is expected, after the first unsuccessful try, other attempts will be made to eject the "sit-down" strikers from the shops.

In the Fisher Body plants at Flint, workers have refused to come out and have indicated any ejection attempt will be resisted. This might lead to extensive damage, especially if the employees are forced out but have time to injure expensive machinery before leaving.

Interesting Issue Arises Before the St. Louis Board

(CONTINUED FROM PAGE 4)

the executive committee. Next he sought to register as a broker through the Charles L. Crane Agency Company, but that move also met with the disfavor of the executive committee.

In the next move Marsh & McLennan office, 1218 Olive street, was appointed one of the local No. 1 agents for the Rhode Island and now, before the executive committee of the Fire Underwriters Association took final action in connection with that step came the announcement of the affiliation of Marsh & McLennan's Missouri interests with Case, Thomas & Marsh. It is understood that the new agency will take the position that it is a Missouri corporation and entitled to membership in the local association. But it appears certain that some members of the executive committee will oppose that view, taking the position that the new agency is an affiliate of Marsh & McLennan, an outside organization. There is some question also of the application of the state's non-resident agent law.

The executive committee is to meet on Jan. 13, but it is doubtful any action will be taken at that session. The matter undoubtedly will be passed over for consideration by the new executive committee that is to be elected at the annual meeting Jan. 19. E. G. Marsh, Jr., is a member of the present executive committee, but is not on the official slate of new members. In the meantime Mr. Marsh has been advised by L. E. Bright, chairman of the committee of six, that the other members of the committee must consider him no longer a member of their group.

Fire Protection Credit to be Had

(CONTINUED FROM PAGE 3)

farm underwriters. The sudden shift from profit to loss served to remind us that fire, lightning, wind, hail and spontaneous combustion are forces we must reckon with and that constructive conservatism must still be our watchword.

"Some proposals have not been received as enthusiastically by our associates as we had hoped. For one let me cite the question of insurance on farmers' automobiles. The Farm Underwriters Association was purely unselfish

when it brought this subject to the forefront. We honestly felt, and still feel, that through our farm agency personnel stock insurance might regain, in some measure at least, a class which had already been practically lost to stock companies and in so doing help strengthen our fortifications which might forestall efforts of our mutual competitors to make further inroads. We have not as yet thrown up the sponge but shall tactfully continue our negotiations in the hope that casualty companies, cooperating with the automobile departments of our own companies, will evolve a plan which may be workable.

"Our success, as individual companies, also as an association, is dependent upon the state of mind of our farm agency personnel. It is pleasant to report a most cordial relationship between local agents, as a whole, and the Farm Underwriters Association. Our agents have learned that, when they come to us through properly constituted and representative committees, they will receive a courteous audition. We need not feel alarmed at all over the National Association of Insurance Agents having appointed a strong committee to determine methods which will attract so-called rural agents into the fold of the National association and enable the parent organization to adopt a more helpful attitude toward the small town and farm writing agent. It is a move in the right direction.

Insurance to Building Values

"From an underwriting standpoint, most of us feel we have insurance to value on buildings well in hand due, primarily, to the cooperation of our local agents, but as losses are still on the upturn, it would appear that fire prevention should continue to receive our joint efforts. Combustible roofs and defective chimneys remain a problem. Our decision to disseminate information concerning spark arrester credits direct to the insured was wise and should ultimately produce results.

"Our major achievement with respect to farm fire prevention was the adoption, late in 1936, of the credit calling for a triple hook-up involving a telephone, a rural fire department and an adequate water supply. We are all aware of the wonderful work which has been accomplished thus far by rural fire departments; their development is still in its infancy but who knows? Isn't it entirely possible that over a course of years we may be able to develop what can truthfully be called a preferred class of farm business?

Should March with the Times

"Let us keep abreast with changing conditions and not fear to try something new. Better to follow this course and anticipate the need of alterations in methods than to be told by insurance departments what we should and perhaps must do. It behooves us to conduct our affairs so as to merit the approval of our insurance departments. Experience has proved that through friendly conferences we can iron out any misunderstanding with insurance officials. During the last year we had a practical demonstration in Wisconsin.

"I realize we cannot hope to refine our schedules to take care of an individual farm risk, nor can we pick out a county here or there, but I do contend that we could well afford to make our rate schedules more flexible so as to cope with situations such as I have outlined. Our recording brothers have devoted much thought to ways and means of installing flexibility in rate making machinery in order to meet ruthless competition and knowing as I do that we all have great respect for the opinion of our peers, let me here quote an excellently worded and pertinent sentence from an address made in April, 1936, at White Sulphur Springs by E. A. Henne, as president of the Western Underwriters Association. I quote:

"'If we are put at a disadvantage by the results of our own rating system, we are in control of all the processes and should be able to make the necessary changes and corrections.'

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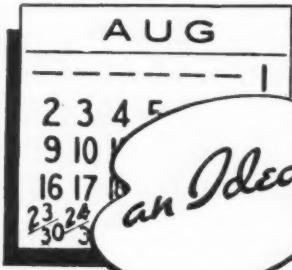
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January 14, 1937

CASUALTY AND SURETY SECTION

Page Twenty-nine

Central Mutual Is Put in Receivership

Total Impairment of Old Chicago Concern Is Placed at \$573,599

EXPANDING NEW COMPANY

President Shlensky Reports Taxi, Bus and Long Haul Truck Lines Being Avoided

Henry G. Miller, Chicago attorney, was appointed receiver for the Central Mutual of Chicago Monday following a hearing before Circuit Judge Harrington in which the company was found insolvent and impaired in the amount of \$573,599. Liquidation will proceed under the direction of the Illinois insurance department's liquidation bureau and of Mr. Miller, who was ancillary receiver in Illinois for the Pacific States Life and receiver for the old Chicago National Life. He qualified with \$50,000 bond.

At the same time Harold Shlensky, president of the old Central Mutual of Chicago, was taking steps to expand the business of the new Central Mutual of Illinois. This latter recently was licensed in Illinois, Michigan and Maryland, according to Mr. Shlensky, and has applied for admission to several other states.

Are Avoiding Old Pitfalls

This company is steering clear of the taxicab, bus and long haul truck risks, which played a big part in the failure of the old company. Mr. Shlensky stated the Central Mutual of Illinois is having to eliminate most of the long distance truck business in order to handle private car business, for which he said, there is much demand.

"The Central Mutual of Illinois wrote over \$40,000 of business in December," Mr. Shlensky said, "and is writing at the rate of about \$2,000 daily, this business being almost entirely private car." The Central Mutual of Illinois is domiciled in the handsome walnut paneled offices of the old Central Mutual of Chicago at 105 West Adams street.

Lorenz Jost, chief examiner of the Illinois department, testified in Judge Harrington's court to details of the insolvency of the Central Mutual of Chicago, Director Palmer being represented by William Claussen, assistant attorney-general, who filed the complaint Jan. 8. There was no opposition on the part of Central Mutual of Chicago's interests. Mr. Shlensky did not appear in court.

The order that was issued finding that sufficient cause existed for appointment of a receiver, recited the same particulars as shown in the petition for receiver, namely, that Dec. 31, 1936, the Central Mutual of Chicago's admitted

(CONTINUED ON PAGE 36)

Impasse in Illinois Over O. D. Assignment Critical

The situation in Illinois has become critical because of the reluctance of some companies to subscribe without reservations to the proposed occupational disease assigned risk plan and because of the threat of introduction of a bill in the Illinois legislature to set up a compulsory assigned risk system.

The companies are pinched between two extremes. They are unwilling to accept assignments of extra hazardous O. D. risks without privilege of calling for medical examination, as it is understood is proposed on behalf of the Illinois industrial commission, but there is possibility that unless private carriers take care of the situation which is causing great concern to many proprietors of industries in the state involving silicosis and asbestosis hazards, either a state fund or compulsory assignment plan may have a chance of passage.

Good Political Capital

There is good political material in the present situation in which workers in the extra hazardous trades are not being protected. A compulsory assignment plan, it is believed, would be ruinous to many companies, as they would have to assume a great amount of accumulated exposure to occupational diseases with the certainty of a large amount of claims.

The industrial commission and regional committee of companies seem to be unable to get together on a workable plan satisfactory to all interests. The proposal has been knocking around in committee for many months.

The occupational disease act of Illinois was adopted in March, 1936, and became effective Oct. 1. The companies, therefore, had six months in which to prepare. Ten months have passed without adoption of an assigned risk plan.

Proposals and Counterproposals

The companies originally drafted a plan which proved unacceptable to Commissioner P. J. Angsten and to Security Supervisor J. A. Cronin of the commission. The plan was modified at a meeting of the companies' regional committee held in Chicago along lines that seemed to meet Commissioner Angsten's approval. He was to have confirmed this in writing, but to date, it is said, has not done so. Then some companies decided not to approve the action taken and many subscribed to the plan with reservations.

At a meeting of the company men in New York a few days ago, it appeared evident no further progress had been made. It was related the industrial commission was insistent that all companies writing occupational disease coverage in Illinois subscribe to the assigned risk plan without any reservations.

It is understood that Commissioner Angsten is sympathetic with the companies' stand for a plan that will permit them the privilege of making medical examination of workers under the assigned risk plan if they feel these are necessary, but he holds that the plan that is to be adopted should not specifically grant this privilege. Effort has been made to phrase the plan so the

privilege might be construed, but there is an element in the industrial commission that feels privilege of medical examination should be specifically excluded. It is this issue evidently over which the near impasse has resulted.

The companies argue there is not the faintest possibility that they could afford to accept without privilege of examination any or all O. D. risks sent them. The risks contemplated under the plan are the worst from an O. D. standpoint in the state, of a type that could not be placed except through assignment. Many workers in advanced stages of occupational disease would have to be covered if the companies did not insist upon the right of examination. The carriers feel they would lose a great deal of money under such circumstances.

If a compulsory assignment plan were adopted by statute, some underwriters said this week, there would be a great many withdrawals of casualty companies from Illinois. To do this, however, it is conceded, probably would precipitate formation of a state compensation fund which also would handle occupational disease coverage.

Arrange for Dedication of New Futz Building

EIGHTY-FOUR, PA., Jan. 13.—Joseph Futz, up-and-coming insurance agent, today announced that the dedication of the Futz office building would take place Jan. 27. Mr. Futz a few months ago decided to build a one-story addition to his dwelling and designate it as the "Futz Office Building." In it he will house his business activities. In honor of the event, Joseph has decided to afford the community a real treat. He will keep open house in the building from 3 to 5 o'clock in the afternoon of Jan. 27 when an inspection of the building can be made. There will be four desks, one for himself, two for his partners and one for his wife, Fritzie Futz, who will be in charge of office details. One end of the building will be used as a storehouse for the lawn mower, garden tools and outdoor equipment. The Futz firm has purchased a filing case and supply case for the insurance business.

Monday evening there will be a torchlight procession, starting from the Futz building to the Emanuel Lutheran Church where exercises will be held in the social room. The formal dedication will occur at the building at 6:45, just before the procession starts. Miss Wanda Specht will break a bottle of grape juice on the building and recite Longfellow's poem, "The Ship of State."

The exercises at the church will begin promptly at 7:15 p. m. and admission will be by card. Joseph Futz and affiliates will distribute cards to policyholders, insurance prospects and distinguished visitors. The chief orator of the occasion will be Kenneth H. Bair of Greensburg, Pa., former president of

(CONTINUED ON PAGE 36)

Liquor Liability Is Hit by Large Claim

Judgment for \$35,000 in Chicago Ends Three-year Run of Good Luck

LARGE PROFIT ON LINE

Almost Miraculous Claim History Under Dram Shop Act Is Apparently Ended

The most miraculously profitable line in the history of casualty underwriting—liquor liability under the Illinois dram shop act—after three years of virtually no losses has been hit a wallop with the \$35,000 judgment granted in Chicago this week to the mother of a man of 33 who was killed in a tavern during a drunken brawl. Almost concurrently another case involving a Chicago hotel was settled out of court for \$750.

It may be said that these represent virtually all the claims paid on liquor liability cover in Illinois in the last three years since the liquor control act was passed and a very few companies began writing the coverage. The large judgment, however, is expected to bring a flood of suits stirred up by ambulance-chasing lawyers of which Chicago has more than its fair share. The \$35,000 judgment was against a tavern covered against liquor liability by London Lloyds.

Large Premium Income

It is estimated that carriers in the last three years have collected at least \$1,500,000 in liquor liability premiums in Illinois. This is conceded to be a very low estimate, as the minimum premium under prevailing rates is around \$60 and there are estimated to be in Chicago alone between 8,000 and 10,000 taverns and other places selling liquor. Underwriters state there are probably few if any of these places which are not now covered by liquor liability, for landlords as leases expired have demanded this protection from tavern keepers before renewing the leases.

The line has gone so far beyond the wildest expectations of underwriters that the Continental Casualty and Car & General only a week ago announced their entrance in it, with the prevailing forms and rates.

London Lloyds Main Carrier

London Lloyds has had virtually a monopoly on this business heretofore. The Equity Mutual of Kansas City entered the business in the state with passage of the Illinois act three years ago but did only a moderate volume. Chicago Lloyds also has been selling this coverage but has built up only a small premium volume in the line. How large are the total premiums collected in the three years is shown by the fact that the liquor liability premiums of

(CONTINUED ON PAGE 36)

Governor Lehman Urging More Study of Auto Evil

URGES GETTING BEST PLAN

Message to Assembly Recommends Committee Scan Protection Methods in Other States

NEW YORK, Jan. 13.—More study must be given to the question of compensation for automobile accidents, Governor Lehman of New York stated in his annual message to the legislature, before a permanent plan can be safely launched by the assembly.

"One state in the country requires automobile insurance on all motor vehicles; however, there still exists considerable dispute as to its wisdom. Some prefer a plan for automobile accident compensation.

Suggests Study by Committee

"Because of its tremendous importance extreme care must be taken that we devise the very best plan. I would propose that the legislature, through a legislative committee, direct itself to a thorough examination of both compulsory automobile insurance and an automobile accident compensation plan."

It is assumed there is no prospect of early introduction of a compulsory automobile insurance bill, which it was earlier anticipated would be offered by Senator J. S. Berg of the Bronx, who sponsored a similar measure last year that failed of enactment. The committee of which he was chairman continued its study, holding several open sessions at Boston, to learn the result of the compulsory law which has been in operation in that state for a number of years.

May Lean to Ohio Plan

Evidently the committee was not impressed with its findings, if the general understanding is correct that the senator and his associates now incline to the plan advocated in Ohio—compensating all who suffer injury in road accidents regardless of responsibility of motorists or the reverse.

From the recommendation of Governor Lehman it is evident he at least deems it worthy of consideration. In an effort to reduce the number and severity of motor accidents, the governor would require the inspection of all automobiles by competent engineers.

Maryland Casualty Gives Rules for Sales Contest

The Maryland Casualty will celebrate its 40th year with a business-producing contest in which all of its 10,000 agents will participate. Details of the contest have been forwarded to branch offices and general agents by W. T. Harper, vice-president and agency director.

The results will be computed on a basis of net premium increase in 1937 over 1936. Offices in the field have been given wide latitude in making rules to suit conditions in their own districts. Compensation and employers' liability business will not be scored in the contest.

Licensed agents placing business with the company during 1936 are eligible to compete in the contest. Agents will work against their 1936 record. To qualify for a prize, the agent must pay for not less than \$3,000 in premiums (written less cancellations and returns) during 1937. For agents who represented the company during a part of 1936, their net paid premiums during 1936 will be compared with their net paid premiums during the corresponding period in 1937.

An alternative plan provides that an agent must place only \$500 in net new and renewal business to qualify for entrance but of this, net new business

Positions Are Now Reversed



JAMES S. KEMPER



HERMAN A. BEHRENS

H. A. Behrens of Chicago, president of the Continental Casualty and Continental Assurance, who has been chairman of the insurance division of the Illinois chamber of commerce for the last few years and has done a remarkably fine piece of work, is being continued in a prominent way on the committee, having been appointed chairman of the executive committee of the division. James S. Kemper, president of the Lumbermen's Mutual Casualty and head of a well known mutual company syndicate, is made chairman of the division. Mr. Kemper and Mr. Behrens have worked together for the best interests of the business and they will continue along the same course. Mr. Kemper is an outstanding man who has

great influence in business and financial circles of the state. Therefore with the change in position Mr. Kemper is honored for the faithful service he has rendered and Mr. Behrens is continued in an important post so that he can work in cooperation with his team mate as he has before.

Chairman Behrens of the executive committee states it will be useless to call a meeting of the general committee until the insurance code has been carefully reviewed by all those interested, certain conclusions as to certain provisions are revised and until the code has been introduced, with amendments which will permit a more adequate understanding of what form the final draft is likely to take.

Consideration of Toledo Burglary Rate Cut Held Up

NEW YORK, Jan. 13.—Position of the National Bureau with respect to the appeal of the Toledo, O., chamber of commerce for downward revision of burglary and robbery rates, will be determined when complete experience for 1936 is analyzed, sometime in early spring. A general advance on Toledo rates was applied last year, predicated upon combined loss experience in the community for the preceding five years.

The appeal of the chamber for a reduction was upon the ground that conditions which had made for excessive number of robberies had markedly improved within the past 12 months, and that due consideration should be given to that fact by casualty companies. The degree of betterment insofar as the companies' experience is concerned will not be revealed until all loss data is at hand.

must be a substantial percentage of the amount for which he has entered.

"It is just as important," Mr. Harper said, "to retain existing business through renewal as it is to secure new business; therefore, premiums on renewals lapsing during the term of the contest, and returned premiums developing through cancellation of new business written during the contest period, will be deducted from the total premiums developed on new business and only the net will be used in determining prize winners."

The Maryland last year had an increase of \$2,108,000 in net premiums which brought its total volume within 17 percent of the 1929 high.

T. B. BOWMAN of Harlingen, Tex., has been named leader of the I. O. O. F. lodge there.

Auto Experience Rating Is Discontinued in New Mexico

SUPERINTENDENT BIEL ACTS

Discrimination Is Charged in Credit Rating—Fictitious Fleets Are Also Condemned

SANTA FE, N. M., Jan. 13.—Insurance Superintendent Biel has ordered all carriers to discontinue allowing experience credits to any assured on automobile insurance, effective Jan. 15. The insurance department has found numerous violations to insurance laws, especially Section 62 which required that rates and policy forms be filed and approved by the superintendent of insurance before the policy can be issued by an insurance company, said Mr. Biel.

"We have also found that in the use of experience rating in automobile lines, credits as high as 85 percent have been given on certain assured. We found cases where fictitious fleets were used in order to qualify as assured for a fleet discount and experience credit. We have found that a large portion of the automobile business of large concerns is being written at a lower rate, and the smaller owner is paying rates several times higher.

Discrimination Is Charged

"It is our opinion that the use of experience credits is illegal in this state, being discriminatory in violating our anti-discriminatory law, therefore, effective Jan. 15, you must discontinue allowing any experience credits to any assured, and any company allowing such credits after the above mentioned date shall have their license revoked. Policies written before the above date will be allowed to continue until their expiration date. You must also file at once, rates and rate books used in connection with your business in this state, and you must not issue any policy in the future covering any risks unless the form and rates have been filed and approved by the superintendent of insurance."

Biel Explains Action

Superintendent Biel explained his action by saying that some fleets have been getting an experience credit of 60 percent and as high as 85 percent. "Ordinary reasoning will show any individual that the vehicles included in such fleets were being exposed to many times the hazards as a lot of vehicles which are required to pay standard rates. In one instance, a company was insuring gasoline delivery trucks for public liability and property damage, limits of \$40,000/300,000 and \$5,000 for \$4.96 per truck, while an individual operating a passenger car is required to pay \$27 per car.

Concerned Over Fictitious Fleets

"The matter of fictitious fleets is also of great concern to this department at the present time, and unless this matter is immediately corrected by the companies, we will be forced to take the same stand and prohibit entirely the use of fleet discounts. We have also found that the companies' experience for the state on public liability and property damage has been very low, and yet some time in March, they increased the rates of light cars \$3 per car, and we contend that if the companies would charge the proper rate to all vehicles operating in New Mexico, such an increase would not have been necessary."

Two Massachusetts Bills

Bills have been filed in the Massachusetts legislature providing for the licensing of claim adjusters and extending the time for filing suit in "hit-and-run" automobile accident cases to one year after the identity of the driver has been learned.

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Retrospective to Be Filed in N. Y.

Plan Approved by Compensation Board to Permit Test of Reactions

SENIOR'S DECIDING VOTE

Tie Vote in Committee Resolved by General Manager Who Explains Stand

NEW YORK, Jan. 13.—As the proposal to adopt retrospective rating of workmen's compensation, considered by the governing committee of the Compensation Insurance Rating Board recently, resulted in a tie vote—stock representatives favoring, mutual men opposing and the representative of the state fund refusing to vote—it was left to General Manager L. S. Senior of the board to cast the deciding ballot. Holding that proponents of the plan as well as its critics were entitled to their day in court, Mr. Senior concluded to cast his vote in the affirmative and file the plan with the department to ascertain the reaction.

Various Questions Noted

Mr. Senior's communication to member companies follows:

"The discussions in the governing committed and actuarial committee have disclosed a number of differences between the several groups which I have tried to reconcile and which I believe could be reconciled, provided the major point of contention was settled and out of the way. Questions dealing with qualification of risks, limitation on the effect of a single loss due to accidental or occupational injury, interstate application and other collateral items would yield to compromise once the superintendent of insurance had given his ruling on the treatment of the expense factor, the overshadowing issue in this controversy.

Department Stand Sought

"The principle of retrospective rating in the abstract meets with no objection but no progress in the development of a proper plan is possible until we know where the department stands with relation to the expense factor in the rate structure. The superintendent was approached for an advisory opinion, but refused to commit the department in advance and in the absence of a specific plan submitted by the board. He said he would grant public hearings on a plan so submitted, or on a protest by proponents of a plan rejected by the board.

Feels Hearing Is Best Way

"The proponents of the plan under discussion, as well as its critics, are entitled to have their day in court. The path to the 'court' should not be barred because of the neutral status assumed by any member of the governing committee. Nor should the board be forced in the awkward position of accepting a plan by order of the department on a protest from outside sources. I think it is much preferable that the 'day in court' shall come on our own motion from a committee of the board.

"On the issues raised, I offer no opinion, nor do I subscribe to the plan in its entirety. It is quite likely that certain defects in its make-up will require further discussion among ourselves, with employers and with the department, but in order to make a start, it is desirable that the plan be filed with the department and the public reaction as-

Unemployment Insurance to Help Disability Companies

J. M. POWELL GIVES VIEWS

Social Security Provisions Here to Stay—Warns Against Possibilities of Federal Health Cover

BOSTON, Jan. 13.—The effect of the social security act on accident and health insurance was reviewed by President John M. Powell of the Loyal Protective in a talk to the Boston Life & Accident Claim Association. Social security legislation is probably here to stay, although the present plan may be modified, he said. This is especially true in regard to unemployment insurance as business has not been able to fathom this problem. The social security act will make people more income conscious and impress them more fully with the importance of protecting that income, said Mr. Powell. It should reduce the lapse rate on accident policies during periods of unemployment which will enable the companies to keep a larger volume of business on the books. It should also prevent an abnormal increase in requests for benefits during unemployment, which was experienced particularly in 1932.

Questions Old Age Section

Mr. Powell questioned the wisdom of the old age section of the social security act, calling attention to the tremendous reserve involved. It is necessary that insurance men keep alert to developments along social security lines. Chairman Winant of the Social Security Board has stated that the purpose of the social security act is to supplement the activities of insurance companies. Although this is a commendable attitude, it may be changed in a few years.

According to reports, a health insurance bill may be introduced in Congress, said Mr. Powell. The last congressional bill of this type sought to place the government in direct competition with private companies. Private business should be encouraged in its efforts toward social progress and not discouraged. The accident and health companies have been developing along sound and efficient lines and should be permitted to continue, Mr. Powell said. "We must be able to show why the business should not be conducted as efficiently by the government as by private interests." If medical service is standardized under governmental programs there is a possibility that the medical profession which has shown decided advancement in the past may be hindered under political influence, said Mr. Powell. By the system of private insurance fraudulent claims are kept down to a very low percentage. "But what would happen if claims were to be handled through an organization consisting primarily of political appointees?" Any health insurance at all would be an entering wedge which could easily extend to cover the entire field, declared Mr. Powell.

Prevention Bureau in Detroit

DETROIT, Jan. 13.—F. M. Kreml of Chicago, traffic accident preventionist, has been engaged by the city of Detroit to install an accident prevention bureau and to adapt the traffic division activities of the police department to the new bureau's needs, following disclosure that traffic fatalities in 1936 increased 18% percent over 1935, injury accidents increased 11 percent and non-injury accidents, 38% percent.

certained through a hearing granted to all parties in interest. I have accordingly decided to cast my vote in the affirmative for the resolution under discussion and thus clear the way for the consideration of the proposal on its merits by the superintendent of insurance."

Now in Atlanta



C. T. HYRE

C. T. Hyre, who has just been transferred from Louisville to Atlanta by the Fidelity & Casualty, is a well known surety operator. He was manager of the bond department in Louisville and he holds the same position in Atlanta.

Alcohol Limitation Removed in Store Burglary Policy

The store-keeper's burglary and robbery policy has been broadened by elimination under the open stock burglary section of the \$50 limitation on loss of alcohol, wines and liquors. This means that the full \$250 coverage under this section applies to liquor. The \$50 limitation still applies to cigars, cigarettes, tobacco, fountain pens and narcotics.

The store-keeper's policy is intended principally for small retail establishments. With many grocery and other stores throughout the country carrying liquor as a sideline, it was felt that this restriction worked a hardship on them. Experience on liquor under this policy, as well as on the policy as a whole, has been good, liquor losses generally being small in amount. Most of the companies have been cautious about writing this form for liquor stores and have urged agents and brokers to concentrate their solicitation on groceries, hardware stores, variety stores and other small retail establishments of the neighborhood type.

The policy is written in basic units of \$1,750, being divided into seven sections with \$250 coverage on each, inside holdup, outside holdup, kidnaping, burglary from a night deposit or safe or residence of a custodian, open stock burglary and damage. The open stock burglary section is the only one affected by this change.

Effect of Strike on Plate Glass

NEW YORK, Jan. 13.—As an indirect result of the strike of employees of the General Motors Co., the plants of the Pittsburgh Plate Glass and Libby-Owens-Ford Corporation, the leading plate glass manufacturers, have been forced to shut down, curtailing materially the output. While glaziers of this city have assured plate glass writing casualty companies they have an ample stock on hand to carry for some time, companies anticipate that whether the present labor disturbance be of long or short duration, glass manufacturers will advance the price. In fact, companies have already been compelled to pay stiff increases in the price of lights of unusual size.

Guest Bill in Oklahoma

A guest bill has been introduced in the Oklahoma legislature, relieving motorists from liability for injuries to guests.

Plan Outlined by N. Y. Department

Mortgage Guarantees and Title Insurance Are Receiving Much Attention

LEGISLATION IS NEEDED

New York Report States Its Position as to Issues Arising in This Connection

NEW YORK, Jan. 13.—The New York insurance department has jurisdiction over companies guaranteeing mortgages. In New York in the heyday time there were a number of prominent and successful companies guaranteeing real estate bonds, both principal and interest. There was a sad collapse of most of these institutions and the department has had charge as conservator. Former Superintendent Van Schaick of New York suggested that the state adopt the mortgage banks as its primary form of distributing mortgage investments among the public. The legislature in 1936 failed to enact the bill and at present the department sees no indication of any substantial demand for the legislation. However if a sound mortgage bank bill is again introduced the department says that it will support it and favor it over all other forms of mortgage legislation.

Two Bills Being Drafted

The report states that the department is of the opinion that a definite decision on the future method of mortgage financing can no longer be delayed. The department is drafting two bills, one will provide for the incorporation of mortgage indemnity corporations which may insure home mortgages and the other will provide for the creation of mortgage debenture corporations which will be permitted to sell debentures secured by all of the mortgage collateral and the investments representing capital and surplus funds of such companies. The report states that it is obvious that the guarantee of whole mortgages is less hazardous than the issuance of certificates against a single large mortgage or a group of mortgages. While institutional investors such as savings banks and life companies do not require insured mortgages, individuals who are not experienced in real estate matters do desire additional security.

Experience of the Past

The report states that the experience of the past few years has cast considerable doubt on the feasibility of insuring the principal and interest of real estate mortgages against all hazards as provided in the old form of guaranty contracts. It seems to indicate that reserves sufficient to provide such insurance against a period of general shrinkage and real property values and income would have to be based upon prohibitive premium payments. The New York department therefore is giving serious consideration to the development of a program which would attempt to cover the normal risks growing out of losses incurred by occasional mortgages and would spread over a period of time such extraordinary risks as those which affect all real estate mortgages together in times of business recession.

The bill provides for the establishment of mortgage indemnity companies under proper state supervision and they will be allowed to indemnify mortgagors against the ultimate loss of principal and interest. The greatest risk, the department

(CONTINUED ON PAGE 39)

Adjusters Eye Missouri Case with Some Concern

WOULD CURTAIL BUSINESS

Feel Attack Might Have Bearing on Attempts to Drive Out Ambulance Chasing

Adjusters are viewing with some concern a test case filed by the Missouri state bar committee seeking a declaratory judgment against the Ocean Accident and its St. Louis claim staff, that work of insurance adjusters constitutes the practice of law. Some members of the group feel that attempts to curtail their numbers and the business may have some relation to plans by adjusters' organizations and others to have legislation enacted in various states to prohibit "runners" and other practices that could be classified as ambulance chasing.

Try to Halt "Chasing"

Companies and adjusters naturally are in favor of any legislation that will prevent attorneys either directly or indirectly soliciting business where an insurance carrier is involved. Since the legal code of ethics forbids an attorney to solicit a case himself, the practice of employing "runners" by some has grown up. In various cities, such as Chicago, New York and St. Louis, it has developed into ambulance chasing on a wide scale.

The state's attorney's office in Chicago at present is conducting a thorough investigation of this practice in that city. The states of Michigan and Minnesota have laws prohibiting employment of "runners," and others have legislation requiring a minimum number of days which must elapse after an accident before a statement can be taken or a claim settled.

Adjusters groups, while anxious to secure passage of legislation that will curb false or excessive claims on the insurance business, are also watching carefully any move made by the legal profession to have them barred on the ground they are not attorneys. It is expected the Missouri case will have an important bearing on any legislative action in other states.

Rules on Newspaper Policies

HARRISBURG, PA., Jan. 13.—Commissioner Hunt of Pennsylvania has ruled that in all cases where sale of insurance is handled through newspaper offices, the transactions must be kept separate from subscriptions, and subscribing to the paper may not be made a condition of issuance of the policy. The ruling was sent to all insurance companies doing business in the state. The ruling, Mr. Hunt explains, is made necessary by the anti-discriminatory sections of the insurance statutes, which forbid discrimination in rates or other conditions between individuals eligible for the same type of insurance policy, or offering special inducements for the purchase of insurance policies.

LEGAL CONNECTION WANTED

Attorney, experienced in liability insurance claim and legal matters, desires a connection with insurance company or corporation maintaining a claim department.

ADDRESS F-8, NATIONAL UNDERWRITER

Splendid Opportunity

Large agency requires casualty man thoroughly conversant with business, all lines except bonds. Also ability as producer. State present connection, age, salary desired, etc. Employes of this office are aware of this ad.

ADDRESS F-11, NATIONAL UNDERWRITER

"Knowing Policy" Will Add to Accident-Health Sales

NEW YORK, Jan. 13.—"Knowing your policy and how it functions will enable you to make more sales," said E. A. Hauschild, assistant secretary Continental Casualty, and author of the "Accident & Health Underwriters Guide," in the third accident and health educational lecture given for brokers and agents in New York City.

"If you know the contract and can successfully answer the questions of the prospect," he continued, "your sales talk will be more convincing. Nothing kills confidence quite so quickly as an inability to answer questions and agents with experience know the futility of trying to make a sale after some such experience as that." He referred to a recent issue of the "Accident & Health Review," which contained a list of 10 reasons why some salesmen fail, the second being, "Cannot answer questions about his business."

Product Not Understood

"Strange as it may seem," Mr. Hauschild said, "the very product offered by accident and health companies is perhaps the least understood. Salesmen stress the fact that they are selling a service and little mention is made of the policy. This thought is so well grounded that the average person accepts the delivered policy without even taking the time to read it." The speaker pointed out that today most of the companies have adopted standard wording for the insuring clause and the indemnifying provisions, whereby the contracts are so worded as to definitely establish a limit of liability which the premium consideration allows, and not to permit misinterpretation or the reading of extra considerations into the intention of the agreement.

There are three definite classifications of policies, he explained: (1) Accident only; (2) accident and health, or disability; (3) health only. Outlining the forms of payments made under these three heads, he then presented a chart

California Accident-Health Men Seek New License Law

SAN FRANCISCO, Jan. 13.—The fact that the qualification examination in California must be taken by a person writing accident and health insurance for a casualty company but need not be taken if the writing is to be done for a life, health and accident company, was discussed at the luncheon meeting of the Accident & Health Managers Club of San Francisco. H. B. Haas, administrative advisor of the California attended the meeting at the request of the officers.

The provision of the California code that in life, health and accident policies statements made by the insured are representations and not warranties, was also discussed. It was explained that the insurance department has required a rubber stamp, making substantially this statement, to be placed on applications used in California, as cases in the state indicated doubt as to whether a misstatement innocently made, although material to the risk, would be ground for voiding the policy.

Members of the club hope that legislation can be secured to clear up the matter. If the question were submitted to the attorney general and the stand of the department sustained, it might be necessary to have a special form of application for California, according to E. W. Amos, Massachusetts Bonding, secretary of the club.

It was considered advisable to call a special meeting of the club on matters of legislation. At that meeting it was decided that the public relations committee take steps to introduce proper

of policy construction under the headings of premium consideration, insuring clause, indemnifying provisions, not-covered clause, standard provisions and copy of application.

Dr. Arthur Payne, psychologist, who addressed the last meeting also, continued his talk on "Sales Psychology." Dr. Payne expressed his belief that complete normalcy of conditions is here now and that this is the time for salesmen to get busy. With the "three C's," courage, confidence and courtesy, and the application of the 10 steps outlined below, Dr. Payne stated that any salesmen could raise the percentage of his sales at least 33 1/3 percent.

The first step is for a man to know his own mental attitude and control it. The law of average is a powerful friend and a salesmen in a bad frame of mind will find that attitude reflected in his prospect. "Leave your personal troubles at home when you start out in the morning," he advised.

Watch Buyer's Mental Attitude

Second, watch the buyer's mental attitude. The third step is preparation. "Know your subject matter," counseled Dr. Payne. He advised setting aside 30 minutes each day for study.

The approach is the fourth step. "Never use false pretenses in your approach. Don't apologize for taking time." Fifth, get the buyer's attention. Sixth, arouse his interest by appealing to his ego. Seventh, stress the feeling of security that insurance gives. Eighth, oppose the prospect's objections, don't give in to him. Ninth, impel, don't compel action on his part. Tenth, the salesmen must keep his personal dignity so that a mutual satisfaction results from the interview.

John F. O'Loughlin, vice-president Royal Indemnity, was chairman. The next lecture will be held Feb. 8. T. R. Keucher, Indemnity of North America, will be the principal speaker at this meeting.

Governor of Connecticut Notes Report on Fund Plan

HARTFORD, Jan. 13.—Governor Cross, speaking before the Connecticut legislature at the beginning of his fourth term, said "a commission on the revision of the financial responsibility laws as they refer to the operation of motor vehicles has made a report which deserves the most careful attention because of its vital recommendations affecting both injured persons and injuring motorists. . . . The commission will lay before you suggestions for urgent remedial legislation."

The commission suggested creation of a state fund for payment of hospital, surgical and nursing fees up to \$300 to any one victim. If this plan is adopted there is conjecture as to whether it will be adopted in other states as were the financial responsibility laws, first enacted in this state.

bills into the legislature. The committee consists of George Kemper, Fireman's Fund Indemnity; George Johnson, United States Fidelity & Guaranty and Fred W. Timby, Preferred Accident. Mr. Kemper, as chairman, will prepare a bill providing for licensing agents for accident and health only, which would be a new addition to the insurance code, and entirely separate from the present qualifications laws.

The **Merchants & Manufacturers** of the Corroon & Reynolds group declared a quarterly dividend of 15 cents per share, payable Jan. 30 to stock of record Jan. 10.

Administration Bill Goes to Pennsylvania Legislature

HAS MANY LIBERAL FEATURES

Some of the Provisions of the Measure Are Given—Several Changes Being Urged

HARRISBURG, PA., Jan. 13.—Representative Weiss of Allegheny has sponsored the administration's bill to make revisions in the Pennsylvania workmen's compensation act. During the 1935 session he handled the compensation bill of the Earle administration. It failed of passage because of differences between the senate and house.

The new bill provides for compulsory rather than an elective system. Under the present law an employer or employee may of his own volition reject provisions of the act.

Maximum and minimum rates are raised from \$15 to \$25 a week and the minimum rates from \$7 to \$12 a week. The bill also includes domestic and agricultural help now exempted.

Feature as to Minors

Another important feature is that a minor, employed by his parents, even if in violation of laws regulating employment of minors, is entitled to receive compensation. This also applies to minors who misrepresent their ages to obtain employment. The provision of the present act limiting to 500 weeks for receiving compensation is rescinded under the Weiss bill.

In cases where disability continues for three weeks or more compensation payments are to start from the day of injury. The bill also removes the \$100 limit on medical and hospital fees.

Under the new law the loss of binocular vision by an injured worker makes him eligible to receive 65 percent of his wages during a period of 244 weeks instead of 123 weeks at present. Another new feature pertains to the complete loss of hearing in one ear and also the loss of hearing in both ears. For the loss of hearing in one ear compensation will be payable at the rate of 65 percent of total wages for 80 weeks and for total loss of hearing for 160 weeks.

Benefits Are Increased

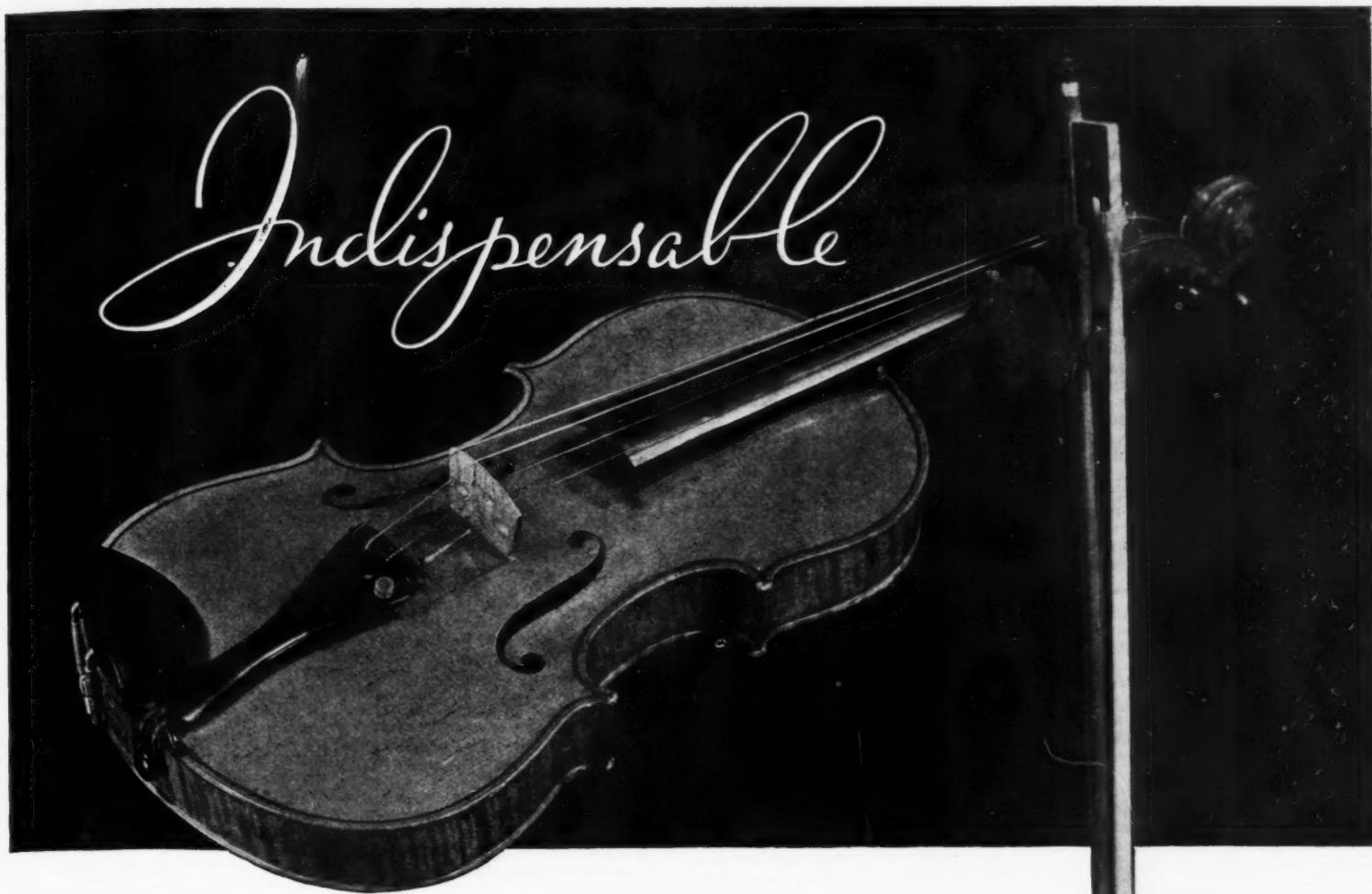
Compensation for loss of a hand will be increased from 175 to 254 weeks under the bill. Proportionate increase in the number of weeks for the loss of an arm, foot, or leg also has been incorporated in the draft.

Under the provisions widows of workers killed, or who die as a result of injuries will be paid compensation for life. Compensation at present is limited to 300 weeks. Compensation payments will be paid to children until they reach 18 years instead of 16.

The bill also creates a separate fund to be administered by the workmen's insurance fund and to be raised by the payment into this fund of a certain sum on all accidents resulting in the death of a worker without dependents. This fund will be used for second injury cases and for cases where additional compensation is granted injured workers after a case has been closed for a period of 10 years or more.

Beha and Safford Named in Western & Southern Life

James A. Beha, former New York superintendent and later general manager and now general counsel of the National Bureau of Casualty & Surety Underwriters, was elected a director of the Western & Southern Life of Cincinnati. W. C. Safford, former Ohio commissioner and former vice-president Western & Southern Fire and Western & Southern Indemnity, becomes vice-president of the life company in charge of public relations.



—in the performance of fine symphony concerts, the violin achieves its greatest usefulness in the hands of a skilled musician.

In the insurance business, too, the agent and his company are integral parts, one indispensable to the other, if maximum insurance service is to be given assureds. The service and facilities offered to agents and brokers by Standard of Detroit, are fine instruments in attaining new policyholders and in the retention of present assureds.

Place your business with Standard, a 52-year-old Stock Casualty Insurance and Bonding Company, and a staunch supporter of the American Agency System. 8300 representatives attest the fact that "Standard Service Satisfies".

STANDARD SERVICES AND FACILITIES

Age—Experience—Reputation

- Financial Security
- Coast to Coast Service
- Multiple Line Company
- Underwriting Service in Strategic Locations
- Claim Service Everywhere
- Field Service for Agents
- Unusual Advertising Material
- Selling Helps

Inspectors and Safety Engineers with an Average Experience of Over 18 Years

Claim Men with an Average Experience of Over 13 Years

Casualty and Bonding Underwriters with an Average Experience of Over 14 Years

STANDARD ACCIDENT INSURANCE COMPANY
Standard Service Satisfies

ACCIDENT AND HEALTH

Provident L. & A. in 50th Year

Year-Long Program Planned in Celebration of Chattanooga Company's Golden Jubilee

Plans for a year-round program marking the 50th anniversary celebration of the Provident Life & Accident of Chattanooga include special insurance journal advertising, use of special direct mail pieces of various types, special anniversary seals and specially imprinted stationery, special newspaper advertising to acquaint Chattanooga with one of its oldest and most widely known institutions; illuminated bulletin boards on strategic approaches to the city, window displays, radio and other avenues of publicity. The schedule is arranged to reach its high peak in September, when several hundred field men are expected to win trips to the home office city for the largest convention ever planned by the Provident.

Officers Speak at Luncheon

Speaking on behalf of the company at a luncheon launching the anniversary plans were W. C. Cartinhour, vice-president and secretary; Robert L. Maclellan, vice-president and head of the life department; James E. Powell, agency vice-president and head of the accident department, who served as chairman and Bart Leiper, manager advertising and sales promotion.

Mr. Powell sounded the keynote of the meeting in presenting "golden opportunities for the golden jubilee year," bringing out the fact that this event is occurring just at the upswing in business generally and places the company in an unusually fortunate position. Mr. Cartinhour announced that 1937 presents somewhat of a severe challenge to the whole organization in that 1936 had proved such an outstanding production period, the best ever experienced in the Provident's history. Lapel buttons bearing the numeral "50" were distributed and are being sent throughout the field to be worn at the outset of the year by field men as a part of the anniversary campaign.

Contacts with Field Force

Intensive contacts with the field organization are being carried out by home office representatives, including President Robert J. Maclellan, Vice-president R. L. Maclellan, S. E. Miles, home office supervisor, and Mr. Powell. Agency meetings are scheduled throughout much of the company's territory.

The life department, headed by R. L. Maclellan, more than doubled insurance in force right through the depression years. This department was organized in 1917. J. W. Kirksey, vice-president, heads the group division of the accident department which numbers over 1,200 industrial concerns among its patrons. H. C. Conley, vice-president, heads the railroad division, which numbers more than half of all the railroads in the United States among its patrons. The commercial division of the accident department, headed by Mr. Powell, has representatives in 34 states and the District of Columbia.

View California Legislation

A special meeting of the Accident & Health Managers Association of San Francisco was held to discuss bills affecting accident and health business which will be presented at the next session of the California legislature.

Holtzman on Agency Trip

A. N. Holtzman, head of the accident and health department of the Colorado Life, is on an extended agency trip through Arkansas, Tennessee and Mississippi.

Numerous Claims Being Made

Respiratory Ailments Have Been Greatly Augmented Owing to the Unseasonable Weather This Winter

Companies writing health insurance have had numerous claims the last six weeks or so. This is due largely to the unseasonable weather in different sections of the country. There has been no severe winter weather. The mild, rainy, murky atmosphere has been conducive to developing respiratory diseases. Pneumonia has been prevalent. The claims for the most part have been small. This is due primarily to the fact that most companies now require a one week's waiting period. Claimants get over their indispositions in a short time and they only have a few days for which they can collect benefits. At this time of the year companies usually count on a great increase in the number of health and disease claims.

Says Accident-Health Can Be Sold in Larger Cities

PHILADELPHIA, Jan. 13.—Harry A. Usher, president of the Accident & Health Club of New York and superintendent of the accident and health department of the Aetna Life's New York office, addressed the January luncheon-meeting of the Accident & Health Club of Philadelphia.

He presented actual sales arguments that he had used successfully to bear out his argument that more accident and health insurance could be written in larger cities where the population is concentrated. He contended that the only way to get the business is to "go out and see the people," but at the same time he asserted that the use of direct mail, if followed up, helps materially in reducing sales resistance.

He offered as one reason why more accident and health insurance is not sold in large cities the fact that the average agent or broker does not have a fundamental knowledge of the business—does not know the contracts and confuses the prospects by his meager knowledge.

The club will hold its annual dinner Jan. 19. Speeches of any sort have been barred.

Chicago Association Names Donald Compton Secretary

At a meeting this week of the executive committee of the Chicago Accident & Health Association, Donald E. Compton, Hartford Accident, was named secretary to succeed Davis W. Ellis, who resigned on account of the fact that he is leaving the accident and health field. C. N. Dubach, Hartford Accident, and C. J. Pohl, United States Fidelity & Guaranty, were elected directors. There was already one vacancy on the board and a second vacancy was created by the resignation of F. W. McIntosh, Monarch Life, as director and chairman of the entertainment committee, on account of his health. President Davis appointed R. M. Ayres, Hooper-Holmes Bureau, entertainment committee chairman.

Plans for future meetings under the new setup, by which a meeting is held every week, devoted to the activities of some special committee, were outlined.

The association's annual stag party will be held the evening of Feb. 4 at the Hamilton Club.

Brownlee in California

T. C. Brownlee, president of the Northwestern Life & Accident of Seattle, visited San Francisco on an agency

trip throughout California. The company now writes accident and health lines exclusively, having disposed of its life business last year to the Occidental Life of California.

Pennsylvania Ruling Modified

PHILADELPHIA, Jan. 13.—Taking its first active step in agency qualification matters, the Accident & Health Club of Philadelphia has secured a ruling from the Pennsylvania department that the new requirements for applicants for fire and casualty licenses do not apply to those who plan to specialize in accident and health insurance.

The requirements made recently by Commissioner Hunt call for all applicants to have completed at least nine months' study in a school of insurance or actually to have been employed in an insurance office for the same period of time.

In requesting a ruling, the club took the position that accident and health agents come in the same category as life underwriters and that the two lines dovetail in allowing a man to secure his income and his future.

Health Fund Bill

BOSTON, Jan. 13.—A state health insurance fund to be provided by contributions of 1 percent of employees' salaries and 2 percent of employers' weekly payrolls, affecting only employees earning less than \$1,800 annually, is in a bill filed in the Massachusetts legislature by Dr. Guy M. Gray, Greenfield, a former Townsend plan candidate for United States senator.

A ten-week medical and hospital service annually would be given in return for the contributions. The bill also provides that if the patient is unable to pay for an additional 12 weeks he may have extra service free at the discretion of a health insurance commission of five members, which is to administer the act.

Will Fix Convention Date

Early responses indicate that most of the officers and members of the executive committee of the National Accident & Health Association will be on hand for the meeting of that committee.

tee which is to be held at the Hotel La Salle, Chicago, Jan. 21 at 10 a. m. Members of the Milwaukee convention committee will also be in attendance to discuss the dates and other arrangements for the annual meeting of the National association, which will be held in Milwaukee in June.

Aside from the convention plans, the principal matter to be considered will be the educational program of the National association, on which E. H. Ferguson, executive secretary, has been working for some time.

Give Local Associations Preference

The general committee in charge of National Accident & Health Insurance Week for 1937 has given the local accident and health associations the first option on the records that are being prepared for special five minute broadcasts in connection with Accident & Health Week. Where the local association agrees to sponsor such broadcasts, the material will not be released through any agencies or others in that city.

The records will be in the form of dramatizations of the hazard of accident and sickness and the need for insurance protection. Each will be opened and concluded by appropriate announcements and can be varied to make the broadcast take the form of an especially arranged program by each station.

New Officers in Denver

The Denver Accident & Health Association has elected new officers as follows: President, Rex B. West, Continental Casualty; vice-president, Joseph H. Silversmith, General Accident; secretary-treasurer, Harry Mehlman, Colorado Life.

A program committee is to be appointed before the February meeting and one person will have a definite responsibility for each of the future meetings. The retiring president, A. M. Holtzman, agreed to secure a speaker for the February meeting.

The Mutual Benefit Health & Accident has been licensed in Pennsylvania. Offices will be maintained in connection with its companion company, the United Benefit Life, which already had been licensed in Pennsylvania.

WORKMEN'S COMPENSATION

Both New and Old Michigan Governors Favor O. D. Bill

LANSING, MICH., Jan. 13.—A concerted drive is under way in the Michigan legislature to broaden the workmen's compensation law to include occupational diseases. The extension was urged in the messages to the legislature of both the incoming and outgoing governors. "The scope of existing laws should be broadened to make certain forms of occupational disease compensable," said Governor Murphy. "I am informed that provisions regulating medical benefits and periods of disability produce hardship and injustice in many cases. These provisions should be re-examined."

Retiring Governor Fitzgerald urged adoption of the report to be submitted by the occupational disease study committee, on account of his health. President Davis appointed R. M. Ayres, Hooper-Holmes Bureau, entertainment committee chairman.

A bill offered by Representative Nagel of Detroit would continue compensation benefits for life to permanently disabled workers and one introduced by Representative Rahoi of Iron Mountain would boost the percentage of the average weekly wage represented in an award from 66 2/3 to 80 percent, also increasing the maximum and minimum cash payments per week from \$18 to \$25 and from \$7 to \$10. Another amendment included would start compensation the day of the injury and pro rate it for periods of incapacity under a week. The bills were referred to the labor committee.

Mining Interests Object to Wyoming State Fund Rates

CHEYENNE, WYO., Jan. 13.—Due to the opposition of strong mining interests, it is now doubtful whether it will be possible to carry out the recently drafted plan to place the rate structure of the state compensation fund on an actuarial basis.

This became evident at a two-day meeting of the special legislative committee appointed by the governor to draft a bill providing an entirely new setup for the compensation fund.

The mining interests in question oppose the change because they have already paid the \$3,000 required minimum to the fund and only have to pay a small service charge from now on.

Would Replace Charge

One plan proposed at last week's meeting was to continue the present setup with one change—the elimination of service charges, which would be replaced by a perpetual one-half of one percent contribution by employers to the fund after they have paid in \$3,000. However, it is generally doubted whether this would be sufficient to pull the fund out of its present difficulties.

The coal mining companies objecting to the originally planned change will probably be approached with some plan for making the expense to them as small as possible if the actual plan can be permitted to go through.

Rate experts predict that if the fund is not operated on an actuarial basis,

it will be necessary for the legislature to appropriate a substantial amount to keep it solvent.

Occupational Diseases Are Still Worrying Underwriters

NEW YORK, Jan. 13.—Casualty underwriters continue nervous over the occupational disease hazard in connection with workmen's compensation and are strictly limiting acceptances of lines where the possibility of loss through this factor is apparent. They find, however, it is not always easy to measure the occupational disease risk, since it frequently occurs in businesses where it is least suspected.

Recently a prominent office of this city is reported to have had nearly 50 claims filed with it within two weeks for injuries allegedly received by workers breaking up asphalt roadways. It was claimed that the workmen inhaled dust particles necessitating lay off for varying periods.

The National Council on Compensation Insurance continues its special tabulation of claims for occupational diseases, though it is anticipated some time will elapse before the volume of data will be sufficient to serve as a reliable guide for rate-making.

Colorado Compensation Rate Level Reduced 9.5 Percent

DENVER, Jan. 13.—The Mountain States Compensation Rating Bureau has filed a rate revision with the state industrial commission providing for an average premium reduction of 9.5 percent. Rates in some classes went up and in others they went down.

The revision does not apply to coal or metal mining rates. The industrial commission has amended its original metal mining rate increase, lowering it approximately 9.5 percent, which brings the present level down to about 5.5 percent above the scale which existed prior to the first of the year. The commission's 50 percent increase in coal mining rates remains unchanged.

Another important change is in rates in the street and road classification, a decided general reduction. The rate in the paving classification dropped from \$5.70 to \$5.01, in the clearing and excavation classifications from \$7.40 to \$6.77 and in the rock excavation classification from \$10.05 to \$8.49. This class has been one of the most controversial in the entire book.

Study Health and Safety Rules

Insurance people will be interested in the deliberations of a committee of 12 representing employer and employee groups that has been appointed to recommend rules under the so-called health and safety in industry act that was a companion to the Illinois occupational disease law that became effective last October. The committee was appointed by P. J. Angsten, chairman of the Illinois industrial commission. The health and safety act empowers the industrial commission to make health and safety rules. Enforcement of the rules rests with the department of labor. If these new and approved rules are not ready by July 1, when the old rules are to expire, an amendment may be introduced extending the old rules for some time to come.

The committee is headed by O. E. Mount, president of American Steel Foundries. He was chairman of the committee that drew up the occupational disease and health and safety act.

States Having Retrospective Plan

NEW YORK, Jan. 13.—Approval of the retrospective plan for rating workmen's compensation risks having just been given by the District of Columbia department, the plan is now available in addition in Connecticut, Idaho, Illinois, Iowa, Maryland, Massachusetts,

Montana, Nebraska, New Mexico, Oklahoma, Rhode Island and South Dakota. It is being considered in other states whose decisions may be expected in the near future.

Cotter with Limited Mutual

Fred M. Cotter, manager of the Oakland Association of Insurance Agents, and former Pacific Coast manager of the Royal Indemnity, has joined the Limited Mutual Compensation of San Francisco in an executive underwriting capacity. Mr. Cotter is considered an expert in compensation and liability lines.

Reduce Wisconsin Rates

MADISON, WIS., Jan. 13.—Commissioner Mortensen is drafting an order making a flat reduction of 10 percent in workmen's compensation and occupational disease hazards. The order will be effective on all policies written since Nov. 1 and means a reduction of approximately \$800,000.

The companies have announced their willingness to accept the reductions.

Provide for Waiver

OKLAHOMA CITY, Jan. 13.—A bill has been introduced in the Oklahoma legislature providing an employee may waive the right to compensation, provided he has suffered previous disability by reason of the loss of a limb or eye. The waiver must be approved by the state industrial commission. If the employee thereafter suffers subsequent disability which results in his permanent total disability, compensation for such subsequent disability shall be awarded upon the same basis as if no previous disability had existed.

The measure carries an emergency, and would be effective immediately with passage and approval by the governor.

Committees for the Year

NEW YORK, Jan. 13.—Membership on the classification and rating committee of the Compensation Insurance Rating Board of this state for the present year, consists of the Liberty Mutual, Standard Accident, State Insurance Fund, Travelers, United States F. & G. and Utica Mutual. The safety engineering committee for the same period is made up of the Aetna Life, Fidelity & Casualty, Liberty Mutual, Lumber Mutual, Maryland Casualty and the State Insurance Fund.

Urge Study of Law

CONCORD, N. H., Jan. 13.—Governor Murphy of New Hampshire in his inaugural address suggested a study of the workmen's compensation act. He said the compensation law has been severely criticized as unfair in certain respects to both employer and employee.

Files State Fund Bill

BOSTON, Jan. 13.—Contending that employees should be given greater benefits and that employers should be relieved of unnecessary expenses, Secretary R. J. Watt of the Massachusetts branch of the American Federation of Labor has filed a bill in the legislature for a state fund for workmen's compensation which he claims will accomplish these two purposes.

Require Bank Coverage

LANSING, MICH., Jan. 13.—The next banking code bill introduced to the Michigan legislature requires that directors bond officers and money-handling employees of such institutions and that other coverages, such as burglary, defalcation, and similar protection against other insurable hazards, may be required. In each case it is specified that the coverage must be supplied by duly licensed carriers and the banking commission is empowered, at its discretion to contract for the more necessary coverages and deduct premium charges from funds of the institution involved.

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Central Mutual Is Put in Receivership

(CONTINUED FROM PAGE 29)

assets were \$586,243 and total liability \$1,134,854, leaving a deficiency of \$548,599. The required statutory surplus of \$25,000 being lacking, total impairment was found to be \$573,599.

The order went on that "before the first day of December, 1936, it was not possessed of assets at least equal to the unearned premium reserve and other liabilities, and that such deficiency was then known to the defendant, its officers and board of directors, and that notwithstanding such facts and such knowledge, the defendant wholly failed, neglected and refused to perform its statutory duty by making an assessment upon its members liable to assessment to provide for such deficiency."

The order restrained Shlensky and other defendants and officers of the Central Mutual of Chicago from interfering with the receiver in respect to books, records, etc., conduct of the business and liquidation, and restrained any and all persons from bringing any

action against the defendant and enforcing or attempting to enforce any lien on property or obtaining any preference in the case.

The Central Mutual of Chicago was licensed and began business in Illinois Nov. 15, 1926, it being known first simply as the Central Mutual and after May 24, 1933, the name being changed to Central Mutual of Chicago. It was authorized for any and all casualty business but was licensed in Illinois for only loss, expense and liability on automobile and other vehicular insurance.

Was Licensed in 16 States

In its hey-day it was licensed in the District of Columbia, Delaware, Colorado, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, North Carolina, Ohio, South Carolina, Tennessee and Wisconsin.

It cut a swath for some time, writing taxicab, bus and overland truck lines openhandedly and being a strong competitive medium in its territory. Apparently the operators did not see the handwriting on the wall in connection with continuing in the hazardous lines or ignored the inescapable fact.

The Illinois department found the Central Mutual of Chicago on Dec. 1, 1936, to have an impairment of \$375,498, the condition growing rapidly worse after that date in spite of the desperate efforts of Shlensky and his interests to avoid the actual insolvency proceedings.

Value of Deposit Shrinks

The receivership petition among other things recited that there was on deposit with the Illinois department \$80,000 in bonds and mortgage loans carried at \$23,500, but Dec. 31 last the market value of the bonds was \$56,237, all the mortgages were in default as to principal and taxes were past due.

The Central Mutual of Chicago had 50 percent of its liability reinsured in London Lloyds in excess of \$5,000/\$10,000 public liability and \$5,000 property damage.

The Central Mutual of Illinois, Shlensky states, has an excess agreement with London Lloyds for insuring all liability over \$5,000.

Policyholders May Be Taxed

There is every possibility that policyholders of the Central Mutual of Chicago will be subject to an assessment since the total deficiency to be met is \$573,599, and in addition there will be the expense of receivership and liquidation. The liquidation will be carried out under direction of the Illinois department's liquidation bureau, which substantially reduced the cost of the process compared with the political control of professional receiverships in past years. F. J. Bartsch, head of the Chicago office of the liquidation bureau, has been sitting as an observer for some time in the period during which the Illinois department permitted the Shlensky interests opportunity to rehabilitate the company if they could do so, and is now actively in charge of the liquidation with Receiver Miller.

Harold Shlensky received \$26,000 salary as president of the Central Mutual of Chicago, according to report of the treasury department released to newspapers this week as taken from corporation income tax returns.

POLICIES TERMINATED

All policies terminated with entry of the order for receiver and Mr. Bartsch immediately took possession and started to survey the task ahead. Records were said to appear to be well kept and up to date. The officials would make no statement as to the condition of claim accounts.

The first step as usual in liquidations

will be to determine the merits of each claim against the assets. This probably will require much time. A list of approved claims then will be prepared. Assets will be valued and determination made as to a possible assessment of policyholders.

The Central Mutual of Chicago wrote a considerable volume of so-called "non-assessable" policies, protected by the London Lloyds excess reinsurance. However there were policyholders with assessable policies. In any event, Insurance Director Palmer has maintained in other similar liquidations that the non-assessable provision no longer protects mutual and assessment concern policyholders after the surplus has shrunk below the statutory requirement.

So far as London Lloyds' excess arrangement is concerned, it is possible the London underwriters may seek an out on the argument that Central Mutual of Chicago did not, as was reliably reported this week, remit the reinsurance premiums. The amount involved is said to be close to \$200,000. When the receiver took charge of the office auditors for London Lloyds were going over Central Mutual of Chicago books and files in an effort, it was reported, to determine the precise amount due London. The receiver ordered this audit stopped and excluded the London Lloyds representatives from the office.

Participation Recently Increased

It appears that while the original excess arrangement with London Lloyds called for reinsurance of all risks over \$5,000/\$10,000 limits on a 50 percent basis, the agreement was modified June 1, 1936, to 75 percent, thus London Lloyds liability may be considerably more than at first assumed.

Liquidator H. B. Hershey, whose headquarters is in Springfield, is expected to arrive in Chicago Thursday or Friday to take personal charge of the affairs for his bureau.

The exact assets-liabilities setup in detail was not immediately available this week, due to the fact that the Central Mutual of Chicago audit has been held open for a month or two during the period of attempted rehabilitation, a trial balance being taken off Dec. 31 on the basis of which the receivership petition was drafted. It is said the final examiners' report has not yet been written and for this reason the department is withholding the detailed figures temporarily.

May Form Protective Groups

Possibility of formation of one or more policyholders' protective committees appeared strong this week. Some of the long distance truck accounts written by Central Mutual of Chicago involved large premiums of \$4,000 to \$5,000 and an assessment would therefore mean heavy additional loss to these assured.

There was a scramble on the street in Chicago this week to place the business due to the fact that protection ceased with issuance of the liquidation order. Some Chicago insurance men had used the Central Mutual of Chicago as a favorite market and had much of the business to rewrite in a hurry.

Arranging for Dedication of New Joe Futz Building

(CONTINUED FROM PAGE 29)

the National Association of Insurance Agents and an intimate friend of Mr. Futz. Elmer R. Porter of Pittsburgh, state agent of the Fidelity & Guaranty Fire of Baltimore, will bring the greetings of the field men. Charles Heintz Bockman of Pittsburgh, executive general western Pennsylvania manager of the New Amsterdam Casualty, will speak for the general insurance fraternity. It is expected that Donald Weaver of Washington, Pa., president of the local insurance organization there, will be on hand to speak for the Washington county agents.

Liquor Liability Is Hit by Large Claim

(CONTINUED FROM PAGE 29)

some larger Chicago hotels are \$4,000 or more, each. This is on the gross receipts basis which results in lower average premium rate.

There may be several thousand taverns that qualify for the \$60 minimum premium for the minimum limits, but the hazard is considered to be greater in places where the night life congregates, and having orchestras, dancing, entertainment, etc. In such cases a much larger premium is charged. In the cases of the larger liquor dispensers where receipts from liquor sales exceed \$100 daily, such as hotels, the business usually is placed on a gross receipts basis.

Great Premium Increase

London Lloyds in its report to the Illinois insurance department does not segregate its liquor liability, and the office of John S. Lord of Chicago, attorney-in-fact for London Lloyds, stated it could not say this week what was Lloyds' 1936 premium income from this source. It is significant, however, that in the last three years London Lloyds' premium income as reported to Illinois has greatly increased. In 1933 premiums reported were \$358,448; in 1934, \$1,374,123; in 1935, \$1,963,136.

London Lloyds 1936 premium volume in Illinois has not yet been reported, but is believed to be considerably more than in 1935. During last year many representatives were added and the sale of all London Lloyds coverages considerably increased. Underwriters believe it is fair to assume a large part of the gross premium income is due to sale of liquor liability. London Lloyds until a week ago paid only 10 percent commission to brokers.

It is reported reliably that up to the time the \$35,000 judgment was rendered, London Lloyds had lost only two liquor liability cases that were taken to court, one of these resulting in \$500 judgment for death and the other in \$50 judgment for personal injuries. It is said no claims were compromised. London Lloyds, it was reported, contested about 25 claims and lost only the two mentioned. This policy of not giving a nuisance value to such claims probably has served to keep down the number of claims filed.

The \$35,000 verdict has raised many questions relating to this coverage. It was granted by a superior court jury at Chicago to Mrs. Anne O'Connor of that city who claimed \$50,000 damages for loss of support under the dram shop act and for punitive purposes. The tavern involved was Liberty Inn, housed in property in an estate handled by a trustee. There had been various complaints of neighbors and the trustee had sought in every way by court procedure, it was testified, to cause the tavern owner to vacate the property. Despite this in a special interrogatory requested by the presiding justice, the jury found that the trustee which leased the building knowingly permitted the tenants to sell liquor, which caused the intoxication of the man who shot O'Connor.

Tavernkeepers for Plaintiff

One of the tavern proprietors appeared as a witness for the plaintiff, as did his bartender and a beer salesman, testifying that the man who killed O'Connor was very drunk and there was no alteration. The lease had been executed during the prohibition era shortly before repeal and specified no intoxicating beverages could be sold by the lessor.

The defense moved for directed verdict which is to be argued.

It was shown the mother's life expectancy was 17½ years; that O'Connor earned \$125 monthly as a city gasoline inspector, giving all but \$25 monthly to his mother for their maintenance. Claim men calculate the jury could not reasonably have figured more than \$10,000 for the loss of support, therefore the punitive

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part of the judgment must have been \$25,000.

The usual limits sold in Illinois are \$2,500/\$5,000 public liability and \$2,500 loss of support, with much larger limits available if desired for an additional premium. It is understood that coverage for loss of support in the O'Connor case was the minimum, \$2,500.

May "Wall Off" Reserves

Commissioner Carpenter Wants Special Assets of Life Companies Earmarked —Follows English System

SAN FRANCISCO, Jan. 13.—In an endeavor to find a middle ground between the growing movement to prohibit life companies from doing any other business Commissioner Carpenter has proposed a bill to the California legislature for "walling off" of life reserves. While the machinery of such action has not yet been worked out it is presumably Mr. Carpenter's opinion that the English system under which assets equal to life reserves are earmarked and separately accounted for and not subject to loss on account of other business is the best solution at the present time.

Mountain States Casualty Group Reviews Past Year

DENVER, Jan. 13.—Henry F. Evans was reelected president of the Mountain States Casualty & Surety Association at the annual meeting. Other officers who were also reelected are Don L. Clark, vice-president, and Donald W. Miller secretary-treasurer. On the executive committee are Fred Breisch and David J. Main. This will be the third term Mr. Evans has served as president.

The body passed a resolution opposing the move now under way to amend the city ordinance to conform with the state law on right of way at intersections. The state law gives the right of way to the first car reaching an intersection, but the present Denver ordinance gives the right of way to the man at the right. Experience over the state has been that the first driver law leads to a great deal of conflicting testimony in settling claims.

In his annual address President Evans warned that mutual companies which have devoted most of their attention to fire lines are now seeking to invade the casualty field in this region and that collective vigilance must be used to prevent serious inroads. The association also made advance plans to oppose any radical legislation that may be introduced in the three states. It is predicted that the group will have as members all eligible offices in the region by the end of the year. Of the 33 eligible ones here 26 are now members. Success in getting an automobile rate reduction in Wyoming was cited one of the outstanding accomplishments of the year.

Ohio Managers Hear Proctor

Thirty-five members of the Ohio Association of Casualty & Surety Managers attended the monthly meeting in Columbus when Manager R. F. Proctor of the fidelity department, Association of Casualty & Surety Executives, New York, spoke on legislative matters. A general discussion followed. Among the guests were J. A. Lloyd, secretary, and Robert O'Brien, secretary legislative committee, Ohio Association of Insurance Agents; Homer Trantham, secretary Ohio Federation, and B. D. Lecklider, president Ohio Casualty. The managers' group will be five years old Feb. 2. The annual election will be held at the next meeting.

The Peitz Insurance Agency, 805 Main street, Richmond, Ind., has been incorporated by T. B. Morrow, Ernestine Morrow, H. E. Jackson and Lola Jackson.

CASUALTY • PERSONALS

Morrison & Parsons, Iowa City, Ia., were presented this week with a 30-year agency honor certificate by the United States Fidelity & Guaranty.

A. G. Oakley, vice-president United States Fidelity & Guaranty, was host at a luncheon in New York City for department heads of the branch office in celebration of his 40th anniversary with the company. He joined the U. S. F. & G. when it opened for business in New York.

Albert A. Kaufman of Langham & Maillot, Houston, Tex., is rejoicing over the birth of a daughter, Susan Freed Kaufman. Mr. Kaufman was formerly manager of the bonding department of the Standard Accident in San Francisco. He recently attended the Aetna Casualty sales conference in Hartford, making there one of the highest scores on record. He has gone to Houston to engage in the local agency business and is affiliated with Langham & Maillot.

E. Leslie Spence, Jr., Richmond, Va., general agent of the United States Fidelity & Guaranty, has just completed 40 years of continuous service with that company there. His father, with whom he was associated for some years, died in 1907, the style of the general agency during his father's lifetime being E. Leslie Spence & Son.

Harry C. Michael, assistant agency director Maryland Casualty, has just celebrated the 30th anniversary of his connection with the company. He received telegrams and letters of congratulations from agents and employees throughout the Maryland organization, and was guest of honor at a surprise luncheon given by the agency division personnel at the home office.

Mr. Michael joined the Maryland in 1907 as clerk in the secretary's division, later working in the auditing division and the bonding division before being chosen in 1913 as assistant to Emile E. Koll, then head of the fidelity department. Later he was assigned to special duties in the field, remaining in this work for two years. In 1917 Mr. Michael was called back to the home office as assistant auditor and a year later, when the Maryland Assurance was organized, he became assistant secretary-treasurer. Shortly afterward he

became secretary-treasurer. In 1920 he returned to the Maryland Casualty as assistant auditor, holding this post until his selection as assistant agency director.

Frank B. Shipman, agent of the Aetna Casualty at Cooperstown, N. Y., has been presented an Aetna 25 year service plaque.

E. G. Trimble, president of the Employers Reinsurance of Kansas City, accompanied by his wife, has been visiting Pacific Northwest cities.

In recognition of completion of a quarter century of service with the Aetna Casualty companies, **W. H. Miller** and **W. H. Van Horn** of the firm of R. E. Anderson & Co., Aetna general agents at Tacoma, Wash., with supervision over casualty and surety lines, have been presented 25-year service plaques. Mr. Miller, who is president of the firm, entered the employ of R. E. Anderson & Co. in 1910 as clerk and received successive promotions until he was made president of the company. Mr. Van Horn, vice-president, became an employee of the company in 1893.

The address entitled "State Monopoly of Compensation Insurance, Laboratory Test of Government in Business," delivered by W. W. Greene, resident of the Casualty Actuarial Society, at its November meeting, is being reprinted in pamphlet form, many companies having expressed a desire to procure copies.

President **A. N. Kemp** and Vice-president **D. C. MacEwen** of the Pacific Mutual Life became ill with influenza in the Palmer House, Chicago, where they had gone in the course of their projected nation-wide trip meeting agents.

Mr. Mac Ewen had a nurse for several days due to his fever, but is now recuperating although he will remain in bed for four or five days. Mr. Kemp participated in a Chicago gathering of agents from many states Monday but was too ill to confer with general agents Tuesday as planned. Walter R. Hoeflin, Los Angeles, western supervisor, a member of the party substituted for the officials. He will accompany Mr. Kemp to New York, taking Mr. Mac Ewen's place on the eastern trip, from which they will return to Cincinnati and hold a meeting there.

Fairfield Elected Boston General Agents' President

BOSTON, Jan. 13.—Herbert G. Fairfield of Russell, Fairfield & Ellis was elected president of the Boston Association of Casualty General Agents at the annual meeting. C. F. J. Harrington of O'Brien, Russell & Co. was elected vice-president and Fred J. Murphy, secretary-treasurer. The new executive committee will consist of James H. Carney, Kaler, Carney, Liffler & Co.; Frank A. Dewick, Dewick & Flanders; George R. Proctor, Patterson, Wylde & Windeler; Frederick S. Farquhar, Boit, Dalton, Church & Hamilton, and Rudolph Burrough, John C. Paige & Co.

DeCelles Introduces Bill

BOSTON, Jan. 13.—A bill giving the commissioner of insurance power "to alter or amend reasonable rules and regulations at any time"; "to check the statistical data of any company and revise the same if necessary," and "to fix outstanding reserves in such amounts as in his judgment shall be adequate," is offered the Massachusetts legislature by Commissioner DeCelles.

Few Complaints Received on Inability to Get Cover

BOSTON, Jan. 13.—Although motor vehicle registration in Massachusetts is approaching the high figure of around 800,000 and there are 45,000 more registrations than a year ago, less than 350 complaints have been filed with the motor vehicle board of appeal by car owners unable to secure new compulsory automobile liability insurance for 1937. This includes all appeals made in cities where the board meets and all that have come to the board's attention up to this week. The secretary stated the companies have been sustained in their refusal to issue new insurance in considerably more than half of the cases.

A. S. Herring Is Promoted

A. S. Herring has been promoted to superintendent of the U. S. F. & G. Cincinnati bonding department under Manager H. B. Hupp. Mr. Herring is a native of Baltimore and has been in the home office contract department eight years. He succeeds D. H. Williams, who is now bonding manager for W. P. Dolle.

Public Alarmed by Quebec Ruling on Omnibus Clause

NEW LEGISLATION DEMANDED

Companies Announce Protection Will Be Given Regardless of Divided Court Opinion

MONTREAL, Jan. 13.—New legislation is being considered by the Quebec government to make binding the "omnibus" clause in automobile insurance policies, following a decision of the court of king's bench, appeal side, in Quebec City some weeks ago which held the omnibus clause invalid. While insurance men discounted the judgment, —which is being carried to the supreme court—as it was a suit of one friend against another to the disadvantage of an insurance company, the general public has become so alarmed over the decision that new legislation is now deemed necessary.

Ever since the decision was rendered insurance companies in the province have been swamped with inquiries from policyholders as to their positions under their policies. Nearly all companies have declared that, in spite of the court ruling, they will still honor the clause and be good for any damage caused by an automobile belonging to an assured and loaned to another person.

Asked Additional Names

A large number of applications have been received from policyholders asking that additional names be added to their policies so that the persons mentioned may be covered. Some companies have granted these applications forthwith but the question is regarded of such importance that the terms on which the applications may be granted are now before the Canadian Underwriters Association for decision.

Another result of the court ruling is that many car drivers who do not themselves own automobiles, have applied for policies to cover them in the event of accidents. In other provinces, known as "common law" provinces, a similar interpretation had been given to contracts of insurance and to meet the situation, legislation was introduced into the provincial governments to make the omnibus clause binding.

The Quebec decision, which was given by a court of five judges, with two dissenting and three joining in the decision, has a precedent in a similar judgment given in the province some 10 years ago, when it was ruled that liability followed the owner of the automobile. The Canadian Indemnity had issued the insurance in the case which was recently decided.

While cases of companies refusing to pay under the invalidity of the clause are few and far between, only two cases can be found on record, public confidence is weakened by the knowledge that companies could if they so desired, refuse settlements and new legislation is considered necessary. The next move should be made shortly after the opening of the provincial house early in February.

Prosecute Bank Night Insurers

LINCOLN, NEB., Jan. 13.—Insurance Director Smrha has directed prosecution of Omaha cigar store and drug proprietors who have been selling so-called insurance policies in connection with bank night prize awards at Omaha theaters. For a consideration of a dime the Bank Nite Security of Omaha agrees to pay one-half (up to \$500) of any bank night award made at any Omaha theater to the policyholder if he happens not to be present when his name is called as a prize winner. Mr. Smrha refused to license such a company some months ago, and later the attorney general held that these awards were forbidden by state laws.

NEWS OF CASUALTY COMPANIES

Will Work as a Single Unit

Continental Casualty and Continental Assurance New Plans Are Framed for Greater Coordination

Under the new plan adopted by the Continental Assurance of Chicago, running mate of the Continental Casualty, following the resignation of Vice-president and General Manager Glenn F. Claypool, the two companies will be operated more as a unit and under very close cooperation. President H. A. Behrens will give more personal attention to the administration of the Continental Assurance. Roy Tuchbreiter, vice-president, will be head of the production and agency department of both companies and thus they will be in close coordination.

Under the revised plan the agency department will be divorced entirely from the operating end. The office arrangements are remodeled so that Dr. H. W. Dingman, vice-president in charge of the medical and underwriting department, will be adjacent to that of Vice-president R. E. Moyer, who will have charge of the actuarial and statistical work. Vice-president Lester L. Johnson, who was head of the agency department, is shifted to the operating end and his office is adjacent to that of Mr. Moyer.

White in Charge of Agencies

Mr. Moyer, who resigns as actuary of the Business Men's Assurance to take his new position, is in Chicago this week in conference with the Continental Assurance officials, but will not take his position permanently until Feb. 1. The agency work will now be under the immediate charge of W. E. White, assistant to the vice-president and director of agencies, who will be assisted by D. Miley Phipps, superintendent of agents. Mr. White has been superintendent of agencies of the commercial accident and health department of the Continental Casualty. His work is taken over by Vice-president Tuchbreiter and no one will be appointed to succeed him in his old position. Mr. Tuchbreiter in becoming the executive agency head of both companies will be able to carry out a uniform policy. It is the desire of the management to operate the two companies in close formation.

Maryland Reports Big Gains

Net Premiums in 1936 Increased \$2,108,000—Only 17 Percent Below Peak Figure Reached in 1929

BALTIMORE, Jan. 13.—The Maryland Casualty showed a gain of \$2,108,000 in net premiums in 1936, according to a statement just issued by President Silliman Evans. Net premiums for the year were 39 percent in excess of the figure for 1933 and within 17 percent of the peak reached in 1929, Mr. Evans stated.

Gross premiums were \$28,280,000 as compared with \$25,802,000 in 1935. This represented an increase of \$2,478,000 in the volume of business written by the company. Net premiums were \$25,794,000 compared with \$23,686,000 the previous year. In 1934 the net figure was \$21,412,000 and in 1933 it was \$18,488,000. The record peak in net premiums in 1929 was \$30,924,000.

Directors have approved a plan for simplification of the capital structure as outlined recently, which will be submitted to stockholders at the annual meeting Jan. 26.

The capital stock of the **Merchants Indemnity** of New York has been increased from \$600,000 to \$700,000. It is owned by the Merchants Fire.

New Amsterdam Sells Stock

Will Dispose of 150,000 Shares of United States Casualty—Dividend Resumption Planned

The New Amsterdam Casualty is offering its shareholders a chance to purchase 150,000 units of new convertible preferred stock of the United States Casualty, 98 percent of which is owned by the New Amsterdam and a wholly owned subsidiary.

The New Amsterdam is disposing of part of its shares because the New York state insurance law limits the amount of stock of another insurance company which it may own.

Simplify Capital Set-up

The United States Casualty's structure has been simplified, with the result that its \$1,000,000 capital is represented by 500,000 shares at a par of \$2. Of these 150,000 shares are convertible preferred, the remaining being common. The convertible preferred shares of the United States Casualty will carry cumulative dividends at 45 cents per unit per year from Dec. 1, 1936, payable semi-annually June 1 and Dec. 1. If dividends declared on common stock exceed 40 cents per share per year, then a sum equal to such excess per share up to 60 cents per share shall be paid on each unit of the preferred, and if dividends on the common exceed 60 cents per share per year, then a sum equal to one-half such excess per share shall also be paid on each unit of the preferred.

Preferred Is Convertible

The preferred is convertible at any time at the owner's option in the common, share for share, and is callable at \$11 per share on 60 days' notice. Subscriptions for 250 shares or less of the convertible preferred of the United States Casualty will be filled until Jan. 21 unless the amount is exhausted before that date.

The price is \$10 per share.

Nelson Reports Good Year

President J. A. Nelson said that when the convertible preferred sale is completed, it will be recommended to the board that dividends on New Amsterdam stock be resumed at the rate of 60 cents per share per year. He reported an underwriting profit, and over \$500,000 interest income from investments during 1936, while appreciation in market value of its securities during the past year was about \$1,000,000 exclusive of the rise in returns on its investment in the United States Casualty.

Manufacturers' Burglary and Plate Glass Forms Approved

PHILADELPHIA, Jan. 13.—The Manufacturers Casualty has now started writing burglary and plate, the Pennsylvania insurance department having approved its forms. The policies had previously been approved by the insurance departments of the ten other states in which the company is licensed.

In making the announcement, John S. Kennedy, head of the burglary and plate glass department, said that these policies, with the exception of the 50 percent retention plate glass form, will be issued with 10 percent differential from manual rates. The plate glass retention policy will be issued for 50 percent of the full manual premium. The policies, however, will not contain a dividend clause.

Mr. Kennedy said that the 10 percent rate differential will not apply in New York state, where the company is a member of the National Bureau. In that state the premium charged will be

the standard Bureau rate. However, the New York policies will contain a dividend clause.

Hns Special Limits

A special residence and personal hold-up policy contains all of the provisions of the standard form, including coverage on property in basements, laundries, storerooms, garages, stables and out-buildings, but has a \$500 limit on burglary, with a \$250 limit on jewelry, silverware and furs, and \$500 on personal hold-up. It also covers, in proportion the belongings of guests and servants.

This special policy is also written on a three-year basis at three times the annual premium, less 10 percent, payable 50 percent the first year, 30 percent the second and 20 percent the third. A further discount of 5 percent is given if the total premium is paid in advance.

The annual rates on this policy follow:

Territory	Priv. Resid. Two Family Houses	Apart., Flats and Hotels	Territory	Priv. Resid. Two Family Houses	Apart., Flats and Hotels
1.....	\$12.00	\$14.00	4.....	\$ 8.00	9.50
2.....	14.00	16.75	5.....	16.00	19.25
3.....	12.00	14.00	6.....	10.00	11.50

Meyers Forms New Mutual Casualty Company in Ohio

The Underwriters Mutual Indemnity is a new company that has been organized in Columbus with home office at 150 East Broad Street. A. C. Meyers, president of the Universal Underwriters Agency in Cleveland, is the principal factor. The company will specialize in automobile lines. Mr. Meyers served at one time as branch manager and adjuster in western states for the Northwestern Mutual Fire and Northwestern Casualty of Seattle. For eight years he was manager of the Western & Southern Indemnity in northern Ohio and Michigan. Then he went with the Ohio Casualty as underwriter. Since last May he has been operating the Universal Underwriters Agency.

The directors of Underwriters Mutual Indemnity are: A. C. Meyers, H. F. Albers, John E. Davis, T. J. Ryan and Dr. J. M. Griffith. John M. Vorys is counsel for the company.

Dividend for Associated

A 10 cent 1937 dividend has been declared by the Associated Insurance Fund, holding company of Associated Indemnity and Associated Fire & Marine. The Associated Indemnity is now entered in 42 states, the District of Columbia and Hawaii. Applications are pending or in course of preparation for entry into the remaining six states, according to President C. W. Fellows, who reports that the gain in net premium writings for the two companies in 1936 was 14.5 percent.

Iowa Mutual Report

The examination report of the Iowa Mutual Liability of Cedar Rapids as of July 1 by Iowa and Minnesota shows assets \$911,109, loss reserve \$287,595, premium reserve \$396,115, surplus \$148,593. The Preferred Risk Mutual, its running mate, shows assets \$324,026, loss reserve \$72,155, premium reserve \$111,665, surplus \$138,702.

Uses FHA Plan on Mortgages

NEWARK, Jan. 13.—Initial steps have been taken by the Commercial Casualty in refinancing its mortgage portfolio through the wholesale operating service of the Federal Housing Administration.

Mortgages aggregating \$420,000 were submitted in a group to the New Jersey director of the FHA. Under the plan they would be transformed from the old style mortgage to a FHA insured loan, to be amortized by monthly

payments over a term of years, the payments to include principal, interest, taxes and insurance.

When the company's refinancing is completed, a similar FHA service is contemplated for its affiliates.

American Credit's Capital

The capital stock of the American Credit Indemnity is now \$1,500,000, increased from \$500,000. There were 100,000 shares, par value \$10, sold at \$15 a share. The contribution to surplus was \$500,000.

Motorists Mutual to Build

The Motorists Mutual has purchased ground at 471 East Broad street, Columbus, O., and will erect a home office building on the site. It will be three stories high and a modern fireproof structure. The Motorists Mutual has a two-year lease on its present quarters in the A. I. U. building.

Ohio Company Taken Over

At its request, the American Fair Mutual Indemnity, Norwalk, O., has been taken over by the Ohio department for liquidation. It was organized in 1931 but has not been active for some time.

SURETY

Surety Judgment Changed

U. S. Circuit Court Rules Alleged Actions of Receiver Did Not Come Under Bond

The federal circuit court of appeals in Chicago set aside a judgment for \$225,740 rendered Sept. 20, 1935, against Sam Howard, federal receiver-trustee and the Continental Casualty, his surety. The judgment was the result of loss suffered by several bankrupt estates whose funds had been placed by Howard in the Phillip State Bank & Trust Co., which closed in 1932, the plaintiffs alleging negligence on Howard's part in not withdrawing deposits, when, they contend, he knew or had reason to know that the bank was in an unsound condition.

The original action was brought by C. A. Willoughby who replaced Howard as trustee. His action alleged Howard deposited \$249,000 in the bank and only a little later was granted a personal loan of \$11,000, to which another \$7,000 was added later.

Does Not Concern Bond

According to the circuit court's opinion, Judge F. A. Geiger of Milwaukee, who sat in the case in Chicago, should have ordered a verdict for the defendant. The judgment said that the court was not concerned here with the question of liability of Howard himself as trustee-receiver to the estates for which he was fiduciary. The much narrower question was presented of whether the condition of the bond sued upon had been broken. It also said that Howard's alleged knowledge of the bank's condition and his personal loans there are not material in an action upon the bond, since they constitute no breach of conditions.

The case was decided two-to-one in the circuit court.

Nebraska Treasurer's Bond Furnished by 12 Companies

LINCOLN, NEB., Jan. 13.—Twelve bonding companies signed the \$750,000 bond of W. H. Jensen, state treasurer. The Hartford Accident, United States Fidelity & Guaranty, Fidelity & Casualty, and American Bonding signed for \$100,000 each; Maryland Casualty, \$75,000; New Amsterdam, American

Surety, Continental Casualty and Firemen's Fund Indemnity, \$50,000 each, and the Great American Indemnity, United States Casualty and National Surety \$25,000 each. Although the bond is ordinarily for \$1,000,000, Governor Cochran accepted \$750,000 as meeting the requirements of the statute.

At the request of the bonding companies, which desired experienced assistance, the governor conditioned his acceptance on the appointment of H. J. Murray as deputy treasurer. Mr. Murray had served as deputy under Treasurer Hall and acted as treasurer following his death late in December.

Mr. Jensen received for nearly \$21,000,000, including assets, \$14,000,000 in bonds belonging to the state's permanent school fund, \$3,714,000 in government bonds, \$3,250,000 in deposits and \$5,793,000 of collateral put up as security by depository banks.

Governor Cochran said the \$2,750 saving in premium for the next two years will be spent in special audits, which bonding companies have been urging for years without success.

Aetna Makes Surety Changes

The Aetna Casualty has appointed Bennett T. Kent assistant superintendent in charge of the fidelity and surety department in Grand Rapids, Mich., and has transferred Gilbert W. Machin, special agent from New Orleans to Detroit.

Mr. Kent is a native of Montpelier, Vt., and attended Dartmouth College. Following graduation, he completed a special training course at the Aetna's home office and in February, 1927, was assigned to the Milwaukee office as special agent. In May, 1931, he was transferred from Milwaukee to Detroit where he has remained until his present move to Grand Rapids.

Mr. Machin is a native of Wamego, Kan., and a graduate of Baker University. He joined the Aetna in October, 1934, and after a special course of training at the home office a year ago he was assigned to the New Orleans office as special agent.

Plews with Eagle Indemnity

F. S. Plews has been appointed manager of the bonding department of the Eagle Indemnity in Los Angeles to succeed D. W. Coakley, who recently resigned. Mr. Plews entered the business about 16 years ago with the Behrendt-Levy Agency of Los Angeles.

A. A. Christin succeeds him as manager of its bond department. He was formerly special agent for the bond department of the Los Angeles office of Swett & Crawford.

Plan Outlined By N. Y. Department

(CONTINUED FROM PAGE 31)

says, in guaranteeing mortgages is traceable to the general shrinkage of real property income during a depression. This risk appears to be uninsurable in times of depression on any sound basis. A mortgage indemnity corporation would undertake to foreclose in case of default of interest, principal or tax payment and sell the property acquired. The department says it seems strange that mortgage companies were permitted to issue guarantees in the past with practically no limitations or safeguards whatever.

Provisions of the Bill

Under the bill a minimum paid up capital of \$500,000 and surplus of \$250,000 would be required. There would be a limitation on the ratio of outstanding contracts of 20 times capital and surplus. A reserve fund equal to 10 percent of paid in capital and surplus at the commencement of business and further accumulated by additional contribution from the annual premiums or service fees would be created. Indemnified mortgages in no event are to exceed 76 2/3

percent of the appraised value of the underlying real property. Mortgages not exceeding 50 percent of the appraised value are not required to be amortized but all others are to be amortized at the rate of 2 percent per annum.

The department states that many people with a few hundred dollars to invest should be allowed to buy mortgages that were safe. It finds that the certified mortgage filled a real need. The department in its bill is providing for the creation of separate mortgage companies which will have the power to sell debentures against mortgages.

Surety companies got into very deep water owing to their guaranteeing real estate bonds. Very few are now being guaranteed.

Program for Title Insurance

In presenting its program for title insurance, the department says that the Torrens system for state registration of title has never been widely used in New York state. While not at all hostile to the current theory the New York department does not believe it is practical now on a monopolistic basis and cannot supplant insurance with title companies for many years to come. It is essential, the department observes, to do what it can to reestablish title insurance as an important factor in the real estate and mortgage field. Because of the failure of a large number of title companies during the depression there is a feeling that there is something unsound or dangerous about title insurance.

Cause of Company Failures

The department says that not a single company doing title business which failed went under because of the hazards of title insurance. It was the mortgage guaranty business which dragged down the title companies. The losses for title insurance, the department says, are insignificant. In the past title insurance has been practically unregulated with no safeguards. It is important, the report says, that title insurance be separated and divorced from mortgage guaranty business and banking. The department is redrafting the Joseph bill that was introduced in the last legislature simplifying it and improving it.

The New York department says that the moratorium on the foreclosure of mortgages continues to have an important bearing on the guaranteed mortgage situation. There is general agreement that it would be disastrous to lift it suddenly. The department is unqualifiedly in favor of continuing the moratorium for another year. The opinion seems to be unanimous, says the report, that the moratorium should be taken down on small mortgages this year. As to large mortgages, there is a diversity of opinion. The report says that the large lending institutions such as savings banks and life companies have no desire to acquire any more real estate. They have too much already. The report says it would seem doubtful if it would be justified in extending the moratorium on large properties very much longer in view of the fact that comparatively few would be harmed by removing the restrictions.

Big San Francisco Drive

SAN FRANCISCO, Jan. 13.—Plans for an aggressive traffic accident prevention campaign will be inaugurated in San Francisco. The safety committee of the Junior Chamber of Commerce is enlarging its scope of operation in conjunction with the extensive program of the San Francisco council for the reduction of automobile accidents, under the sponsorship of the Fireman's Fund Indemnity, Hartford Accident, Associated Indemnity, California Casualty Indemnity Exchange and the Maryland Casualty. All San Francisco American Legion posts have pledged active cooperation.

James Twohig, St. Paul manager of the United States Fidelity & Guaranty, addressed the St. Paul Association of Insurance Women on "Burglary Insurance."

CHANGES IN CASUALTY FIELD

Buckler Goes to Home Office

Megargel Succeeds Him as Fidelity & Deposit Boston Manager—Lowe to Syracuse Post

Donald L. Buckler, formerly manager of the Fidelity & Deposit branch office in Boston, under the supervision of Vice-president L. W. Moore, has been transferred to the home office as assistant manager of the agency department. Mr. Buckler was appointed manager of the Boston office in July, 1935. Prior to that he had successively served as special agent, assistant manager and manager of the Buffalo branch.

Charles E. Megargel, formerly manager of the Syracuse, N. Y., branch, is Mr. Buckler's successor in Boston. He served as assistant manager of the Indianapolis office and prior to that had been with both the Philadelphia and Indianapolis offices as a special agent.

W. L. Lowe, for several years manager of the Newark branch, under the supervision of Resident Vice-president Paul S. Parris, has been appointed to succeed Mr. Megargel as manager of the Syracuse office. Before going to the Newark branch, he had served as manager in Buffalo and had also held various other positions of importance. He has been with the F. & D. since 1926.

Allan M. Race, a member of the underwriting staff of the Brooklyn branch for a number of years, has been promoted to assistant manager there. Prior to his transfer to the Brooklyn branch he was a member of the contract department at the home office.

Philip E. Nuttle, formerly special agent of the Newark branch, has been promoted to assistant manager there. He graduated from the company's training school in 1929 and with the exception of a short period of service with the Baltimore branch, has been ever since with the Newark office.

Doring With National Auto

Paul Doring has been appointed manager of the fidelity and surety department of the National Automobile of Los Angeles at the home office. He has been manager of the Los Angeles office of the St. Paul-Mercury Indemnity for 3 1/2 years. He started in Los Angeles about 18 years ago as a special agent with the U. S. Fidelity & Guaranty in the surety department.

New Assistant at Reading

Frank C. Henry, previously a field assistant in the Travelers casualty department at Albany, N. Y., has been promoted to assistant manager of casualty lines at the Reading, Pa., branch office.

J. J. Hart Auto Division Manager

On his 25th anniversary as a member of the home office staff, John J. Hart, formerly assistant superintendent of the automobile division of the Travelers Indemnity was notified of his promotion to superintendent of his division. Mr. Hart on his anniversary received many congratulatory gifts and

calls from members of the home office staff, together with more than 200 congratulatory telegrams. He entered the company's employ in 1912 and has served as an aircraft underwriter and superintendent of the rating division of the workmen's compensation department.

San Francisco Man Advanced

W. G. Cannon has been made vice-president of Edward Brown & Sons, San Francisco general agency, in charge of business development. For the past two years he has had charge of production for the San Francisco office of the Hartford Fire and Hartford Accident.

He has been a casualty man for many years, having served as manager of the Union Indemnity and before that of the International Indemnity. He was also connected with the old Pacific Coast Casualty. Prior to joining the Hartford he was manager of the California state compensation fund.

Burnside With Ace Mutual

Vernon H. Burnside has been appointed assistant secretary of the Ace Mutual of Des Moines. He went to Des Moines from Chicago, in November, 1935, as assistant and then manager of the underwriting department of the Travelers' Mutual Casualty. In Chicago he was an automobile and compensation underwriter for the Iowa Mutual Liability.

G. B. Harrison, Jr., has been appointed manager of the casualty and surety department of Leon Irwin & Co. at New Orleans. He has been prominent in the field for 15 years.

George Pennington of the home office of the Bankers Indemnity is a former big-league ball-player. After spending several years as an amateur and semi-professional on the sandlots in Newark, Mr. Pennington saw service with the Newark International League, St. Louis Browns of the American League and the Brooklyn Dodgers of the National League.

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COMMERCIAL STANDARD INSURANCE COMPANY

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Opportunities for Salesmen in
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Order 10 Percent Payment on New Jersey's Old Claims

NEWARK, Jan. 13.—Vice-chancellor Buchanan in the New Jersey court of chancery has issued an order directing Commissioner Withers to pay 10 percent of \$7,000,000 claims against the New Jersey Fidelity & Plate Glass, which has been in the hands of the New Jersey department since May, 1932. He refused to hold up the payment three weeks to consider an offer of a committee of minority stockholders to purchase assets for \$2,100,000. Besides the payment of \$7,000,000, the vice-chancellor said an order would be issued for the commissioner to pay a settlement of \$46,000 on preferred claims totaling \$150,000. He stated that an order would be issued to the commissioner to show cause why payments should not be made. The payments will be the first cash payments made since the company was taken over by the department.

The minority stockholders, who

were represented by counsel, said they would pay \$2,100,000 or about 30 percent of the \$7,000,000 claims to creditors. The group owned approximately 3,400 shares of stock. The balance of the shares, about 4,600, are owned by Victor Hoagland and his family, Newark.

Minority Stockholders' Plan

The plan of minority stockholders was to obtain all assets and records and a license from Commissioner Withers to operate an insurance company under another name in return for their payment. Counsel for the commissioner stated he was opposed to the offer and believed assets would eventually yield more than 30 percent of claims. Creditors representing \$3,400,000 of the claims were said to have had met before the hearing and disapproved the order.

It was announced the commissioner had received claims originally aggregating \$77,000,000, all but \$7,000,000 being disallowed.

American Surety Report

Summarizing the result of its 1936 operations the American Surety reports: Net income from investments, after allowing \$100,000 depreciation on home office building, \$778,541; net underwriters profit, after providing for reserves and federal income tax, \$741,745; total, \$1,520,287; appreciation of securities held, less loss on sales, \$999,024, making grand total of \$2,519,312, which was allocated as follows: Dividends, paid and declared, \$749,995; addition to reserve for building depreciation, \$700,000; addition to surplus, \$1,069,317.

W. L. Sullivan, New York City attorney, has been elected a trustee of the American Surety.

Addresses Casualty Engineers

W. P. Yant, research director of the Mine Safety Appliance company, Pittsburgh, addressed the Chicago Casualty Engineers Association on "Harmful Gases and Their Control." He outlined the problem from an occupational disease standpoint as well.

The association also discussed plans for its O. D. course. This will be started soon.

Beach to Home Office

Stephen Beach, adjuster in the Chicago branch of the Bankers Indemnity for six years, is being transferred to the home office to undergo a training in general lines. He is an attorney. The Chicago staff gave an office party for him, Manager L. W. Burger presiding.

The Barnett - Anderson Company, Springfield, O., has been purchased by Wallace & Co., following the death of O. H. Anderson of the Barnett-Anderson agency.

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Stopping at the Hotel Nicollet in Minneapolis is an inexpensive luxury. And once you've tried it, you won't be satisfied anywhere else. It's the biggest hotel value in the Northwest!

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Report Is Given on Audit of the Mutual Casualty

Total assets of the Mutual Casualty of Chicago, a personal accident company, as of April 30, 1936, amounted to \$400,593 and net surplus \$237,633, report of an examination by the Illinois and Kentucky departments discloses. Book value of real estate is \$274,140, cash position is ample for present needs, claims are paid promptly and in accordance with the contract. There is a favorable loss experience but a consistent increase in expense ratio.

M. A. Kern is president and L. D. Kern is secretary. They hold the same positions with the Alliance Life of Peoria.

There is a general agency contract with the Life & Casualty Agency Company. This will expire in 1941.

During the first four months of this years net premium income was \$54,239 and total income \$118,292. Losses paid were \$13,265 and total disbursements \$169,507. There was paid \$110,452 in dividends to policyholders. In 1935 premium income was \$160,053, claims paid \$32,348, commissions paid \$52,292, dividends to policyholders \$49,625, other disbursements \$114,847, net surplus \$340,335, loss ratio 27.11 percent, expense ratio 71.46 percent; claim reserve \$19,861, voluntary contingency reserve \$20,000.

In 1929 a resolution was adopted providing for a division of surplus each year to members who have been participating members in good standing for six full years. The distribution was to consist of three shares of stock of the Life & Casualty of Chicago (now the Alliance Life) at \$50 per share or cash in amount of \$150. The amount declared since that time has been \$747,127 of which \$211,350 was paid to policyholders in cash. Policyholders who elected to take stock in the Life & Casualty, were given the privilege of exchanging their Life & Casualty stock for stock in the Alliance Life at the ratio of 75 shares of Alliance Life for every three shares of Life & Casualty.

Claim reserve as of the date of the examination was \$58,284.

Speeding of Traffic Light Changes Cuts Fatalities

NEW YORK, Jan. 13.—Recent experiments on the streets of this city, conducted under the direction of Deputy Police Commissioner Fowler, disclosed that motor vehicle fatalities could be curbed to a marked degree through the speeding up of traffic light changes, a contention long held by a number of insurance officials.

Commenting upon the report, which revealed a decrease of about 80 percent in pedestrian deaths in this city the past three weeks, F. G. Haley, superintendent automobile department Fidelity & Casualty, said: "Those insurance executives whose work places them in closest touch with auto fatalities have for more than a year held the idea that one of the causes of an abnormal number of fatalities at street intersections, where traffic lights are installed, is the impatience of the pedestrian while waiting for the red light to change to green.

"It is human nature for a man in a hurry to overestimate the time he is delayed. When traffic lights interrupt traffic for 45 or 50 seconds, the average pedestrian, waiting for the light to turn green, is ready to take oath he waited at least two minutes for the light to change. Tests show that persons an-

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noyed by what they regard as too prolonged a delay in their progress at street intersections are likely to 'take a chance' and dash out into the traffic stream while the 'red' signal is still against them. It is this trait which accounts for an amazing percentage of street-corner fatalities."

State Farm Chicago Rally

The annual agency convention of the State Farm companies of Bloomington, Ill., will be held in Chicago in February instead of in the home office city. This convention has grown to such proportions that the facilities of Bloomington were found to be inadequate. The group consists of the State Farm Mutual Automobile, State Farm Fire and State Farm Life.

Provide for Bus Cover

ST. PAUL, Jan. 13.—A bill has been introduced in the Minnesota legislature to permit school boards to pay for liability insurance on buses that convey pupils.

The Bercu Insurance Agency of Cleveland has been dissolved. I. G. Bercu was president and Edith Kalis, secretary.

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• DECISIONS •

Filed Notice of Loss in Time

Insurer's Contention Overruled That Word Should Have Been Given When Loss Was Suspected

In Thomas Holme Building & Loan Association vs. New Amsterdam Casualty, the Pennsylvania superior court, Philadelphia district, decided a dispute concerning the time within which a loss under a fidelity bond must be reported. The decision went against the insurer.

The bond required that the assured give notice within 10 days after discovery of a loss. The bond was in the amount of \$1,000. The building and loan association suffered total losses of \$15,551 on account of irregularities in the keeping of books by Clare, secretary of the building and loan.

In July, 1933, the building and loan association suspected that there were losses. The state banking department was notified and an investigation was made. The examiner for the department reported on Sept. 18, 1933, that it had suffered losses by reason of the actions of Clare. New Amsterdam Casualty was notified by telegram four days later.

The question was whether the building and loan should have notified New Amsterdam Casualty within 10 days after it suspected there was a loss or within 10 days after the fact that there had been a loss had been determined.

The higher court held that the question of when the building and loan discovered any loss was a question of fact for the jury, which found for the building and loan. The higher court observed that the terms of the bond required notice within 10 days after discovery of a loss, not when suspicions may be aroused.

Court Allows Reformation

Son of Real Mortgagee Was Named in Policy But Correction Is Permitted

The Georgia supreme court in Fireman's Fund vs. Wofford, et al., has authorized the reformation of a fire policy so as to name the real mortgagee instead of the one named in the policy, and has overruled the contention of the insurer that there was such unoccupancy at the time of the fire as to void the coverage.

O. A. Carter was the mortgagee named in the mortgage clause. As a matter of fact, a loan deed was actually made to M. B. Carter, father of O. A.

The supreme court held that the lower court did not err in allowing the amendment over the objection. Negotiations for the loan were with O. A. Carter, but the money was actually advanced by M. B. Carter, who was entitled to have the money paid to him to the extent of his interest.

The tenant had left the house 17 days before the fire, but he left there a bedstead and springs, 15 or 20 books and a few old chairs. There was evidence that the assured knew the tenant was moving out and that he had another tenant ready to move in. The first tenant still had the keys and had not given up the house to the owner. It seems reasonable, according to the supreme court, to hold that there is no such violation of the vacancy or unoccupancy clause as to render the policy void.

No Breach of Vacancy Clause

The New Jersey court of errors and appeals has held against the insurers, which denied liability under the vacancy

clause. The case was Rivetta vs. Bankers & Shippers, et al.

In one policy, under the privilege clause, there is this provision: "The premises to remain unoccupied as occasion may require, to remain vacant not exceeding six consecutive months at any one time in any one year, —." In the other policy, under the permission

clause, there is this language: "The premises may remain vacant during any change of tenants, or while awaiting a tenant, not exceeding six consecutive months at any one time and unoccupied without limit of time, —."

When the assured acquired the property by foreclosure, the tenancy of those occupying the premises was terminated. They moved out on Jan. 8, 1931. One policy was purchased Dec. 2, 1930, and the other Jan. 23, 1931. Fire occurred on April 29, 1931. The premises were vacant, awaiting tenants.

The court held it is difficult to understand how it could be seriously argued,

in the light of the language from each contract, that there was a breach of warranty. Each policy particularly provided that the premises might remain vacant for a period not exceeding six months. The premises were not vacant for the time exceeding that limitation. There is no legal merit in the argument of the insurers.

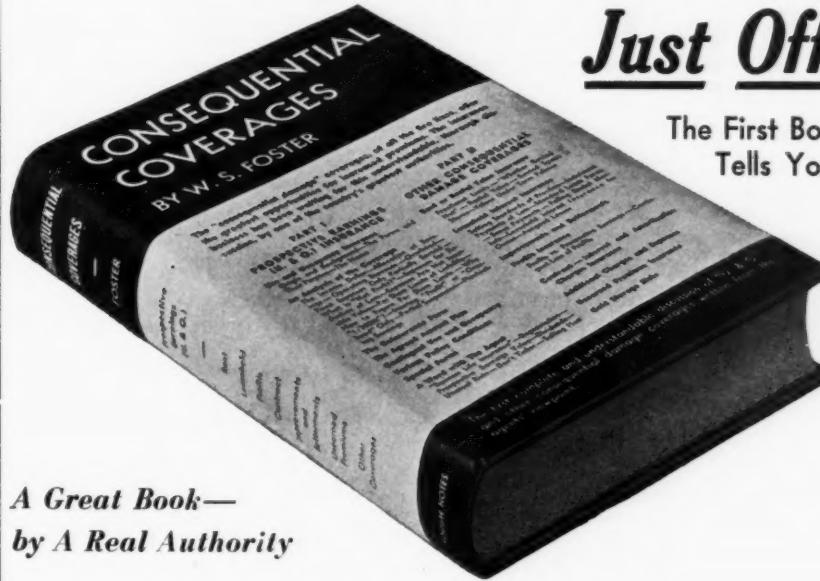
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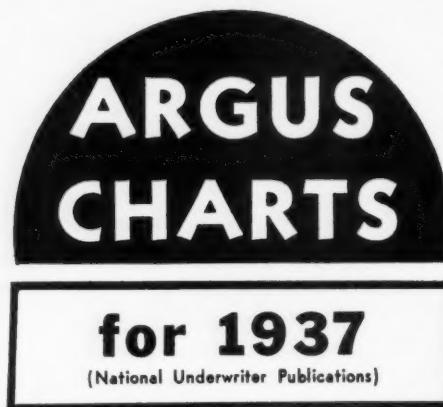
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